

# **Tennessee Immigrant and Refugee Rights Coalition**

Financial Statements  
For the Years Ended December 31, 2022 and 2021

**Tennessee Immigrant and Refugee Rights Coalition**  
Financial Statements  
For the Years Ended December 31, 2022 and 2021

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## Independent Auditor's Report

Board of Directors  
Tennessee Immigrant and Refugee Rights Coalition

### Report on the Audit of the Financial Statements

#### **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, 2022 and 2021, 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, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Emphasis of Matter**

As discussed in note 12 to the financial statements, the 2021 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

#### **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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 US *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2023, on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization’s internal control over financial reporting and compliance.

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC  
Brentwood, Tennessee  
December 5, 2023

## Tennessee Immigrant and Refugee Rights Coalition

### Statements of Financial Position

December 31, 2022 and 2021

	2022	2021
<b>Assets</b>		
Cash	\$ 1,068,532	\$ 771,980
Restricted cash	307,444	350,459
Grants receivable, net	1,094,354	663,018
Other receivables	11,498	5,933
Related party receivable	80,828	5,043
Financing lease right-of-use assets	28,072	-
Property and equipment, net	<u>2,575,178</u>	<u>2,603,818</u>
Total assets	<b>\$ 5,165,906</b>	<b>\$ 4,400,251</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable	\$ 13,357	\$ 19,798
Accrued payroll	34,275	23,015
Refundable advance	208,185	-
Financing lease liabilities	28,072	-
Note payable	<u>317,884</u>	<u>500,000</u>
Total liabilities	601,773	542,813
Net assets		
Without donor restrictions	3,297,927	2,785,511
With donor restrictions	<u>1,266,206</u>	<u>1,071,927</u>
Total net assets	<u>4,564,133</u>	<u>3,857,438</u>
Total liabilities and net assets	<b>\$ 5,165,906</b>	<b>\$ 4,400,251</b>

## Tennessee Immigrant and Refugee Rights Coalition

### Statement of Activities

For the Year Ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
<b>Revenues and Other Support</b>			
Contributions of financial and other assets			
Grants	\$ 1,882,497	\$ 1,208,214	\$ 3,090,711
Contributions	381,916	-	381,916
Special events	41,834	-	41,834
Other revenues	55,105	-	55,105
Membership dues	5,881	-	5,881
Net assets released from restrictions	<u>1,013,935</u>	<u>(1,013,935)</u>	<u>-</u>
Total revenues and other support	3,381,168	194,279	3,575,447
<b>Expenses</b>			
Program services			
Community organizing	765,588	-	765,588
Advocacy and education	589,518	-	589,518
Integration services	624,567	-	624,567
Supporting services			
Administrative	719,679	-	719,679
Fundraising	<u>169,400</u>	<u>-</u>	<u>169,400</u>
Total expenses	2,868,752	-	2,868,752
Change in net assets	512,416	194,279	706,695
Net assets, beginning of year	<u>2,785,511</u>	<u>1,071,927</u>	<u>3,857,438</u>
Net assets, end of year	<b>\$ 3,297,927</b>	<b>\$ 1,266,206</b>	<b>\$ 4,564,133</b>

## Tennessee Immigrant and Refugee Rights Coalition

### Statement of Activities

For the Year Ended December 31, 2021

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Revenues and Other Support</b>			
Contributions of financial and other assets			
Grants	\$ 988,344	\$ 772,959	\$ 1,761,303
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	3,195,531	(533,084)	2,662,447
<b>Expenses</b>			
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	722,865	(533,084)	189,781
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	<b>\$ 2,785,511</b>	<b>\$ 1,071,927</b>	<b>\$ 3,857,438</b>

## Tennessee Immigrant and Refugee Rights Coalition

### Statement of Functional Expenses For the Year Ended December 31, 2022

	Program services			Supporting services		Total
	Community organizing	Advocacy and education	Integration services	Administrative	Fundraising	
Salaries and benefits	\$ 412,933	\$ 348,232	\$ 277,548	\$ 468,577	\$ 102,850	\$ 1,610,140
Depreciation and amortization	16,771	26,837	30,929	15,041	5,635	95,213
Direct assistance	-	-	8,437	-	-	8,437
Grants	271,624	158,000	157,636	-	-	587,260
Information technology	3,873	2,620	6,814	30,067	1,358	44,732
Interest	2,991	4,786	4,936	1,496	748	14,957
Occupancy	11,178	17,886	18,445	5,589	2,794	55,892
Operations	5,977	5,219	14,733	43,476	3,336	72,741
Professional services	21,349	4,750	35,191	124,032	32,706	218,028
Marketing	100	-	23,550	1,114	149	24,913
Miscellaneous	888	2,894	35,545	23,478	6,707	69,512
Travel and events	17,904	18,294	10,803	6,809	13,117	66,927
	<b>\$ 765,588</b>	<b>\$ 589,518</b>	<b>\$ 624,567</b>	<b>\$ 719,679</b>	<b>\$ 169,400</b>	<b>\$ 2,868,752</b>

## Tennessee Immigrant and Refugee Rights Coalition

### Statement of Functional Expenses For the Year Ended December 31, 2021

	Program services			Supporting services		Total
	Community organizing	Advocacy and education	Integration services	Administrative	Fundraising	
Salaries and benefits	\$ 410,880	\$ 456,117	\$ 283,980	\$ 352,928	\$ 25,305	\$ 1,529,210
Depreciation and amortization	-	-	-	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
	<b>\$ 578,267</b>	<b>\$ 667,368</b>	<b>\$ 478,651</b>	<b>\$ 576,312</b>	<b>\$ 172,068</b>	<b>\$ 2,472,666</b>

**Tennessee Immigrant and Refugee Rights Coalition**  
**Statements of Cash Flows**  
For the Years Ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
Cash, beginning of year	\$ 1,122,439	\$ 913,936
<b>Cash flows from operating activities</b>		
Change in net assets	706,695	189,781
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	95,213	46,743
Amortization of right-of-use assets	(276)	-
Contributions restricted for long-term assets	(208,136)	(491,441)
Change in:		
Grants receivable, net	(431,336)	424,098
Other receivables	(5,565)	32,503
Related party receivable	(75,785)	27,159
Other assets	-	1,931
Accounts payable	(6,441)	8,312
Accrued payroll	11,260	(10,250)
Refundable advance	208,185	-
Net cash provided (used) by operating activities	<u>293,814</u>	<u>228,836</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(56,493)	(1,011,774)
<b>Cash flows from financing activities</b>		
Contributions restricted for long-term assets	208,136	491,441
Principal payments on finance leases	(9,804)	-
Proceeds from notes payable	19,210	800,000
Principal payments on notes payable	<u>(201,326)</u>	<u>(300,000)</u>
Net cash provided (used) by financing activities	16,216	991,441
Net change in cash	<u>253,537</u>	<u>208,503</u>
Cash, end of year	<b>\$ 1,375,976</b>	<b>\$ 1,122,439</b>
<b>Cash consists of the following amounts at December 31</b>		
Cash	\$ 1,068,532	\$ 771,980
Restricted cash	<u>307,444</u>	<u>350,459</u>
	<b>\$ 1,375,976</b>	<b>\$ 1,122,439</b>
<b>Supplemental disclosures of cash flow information</b>		
Cash payments for interest	\$ 14,957	\$ 22,234

# Tennessee Immigrant and Refugee Rights Coalition

## Notes to Financial Statements

For the Years Ended December 31, 2022 and 2021

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### 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, 2022 and 2021

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### 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.

#### **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, 2022 and 2021

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### 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.

	<b>Method of allocation</b>
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, 2022 and 2021

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**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, 2022 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 2019.

**Leases (New Accounting Standard Adopted in 2022)**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statements of activities. The Organization adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, *Leases*.

The Organization elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

**Tennessee Immigrant and Refugee Rights Coalition**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

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**Note 1. Summary of Significant Accounting Policies**

**Leases (New Accounting Standard Adopted in 2022)**

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to use the risk-free rate as the discount rate if the rate implicit in the lease is not readily determinable. The risk-free rate is the rate of a zero coupon US Treasury instrument for the same period as the time of the lease term.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Organization's financing leases of \$38,152 at January 1, 2022. The adoption of the new lease standard did not result in a cumulative-effect adjustment to the opening balance of net assets.

**Reclassifications**

Certain prior period amounts are reclassified to conform to current year presentation.

**Tennessee Immigrant and Refugee Rights Coalition**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

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**Note 2. Liquidity and Availability**

The following represents the Organization's financial assets:

	<b>2022</b>	<b>2021</b>
Financial assets		
Cash	\$ 1,068,532	\$ 771,980
Restricted cash	307,444	350,459
Grants receivable, net	1,094,354	663,018
Other receivables	11,498	5,933
Related party receivable	<u>80,828</u>	<u>5,043</u>
Total financial assets at year end	2,562,656	1,796,433
Less amounts not available to be used within one year		
Net assets with donor restrictions	(1,266,206)	(1,071,927)
Amounts restricted for operational use in next year	<u>593,762</u>	<u>497,500</u>
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 1,890,212</b>	<b>\$ 1,222,006</b>

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.

**Note 3. Grants Receivable**

The following is a summary of grants receivable:

	<b>2022</b>	<b>2021</b>
Restricted to future periods	\$ 1,105,091	\$ 681,550
Less: unamortized discount	<u>(10,737)</u>	<u>(18,532)</u>
	<b>\$ 1,094,354</b>	<b>\$ 663,018</b>
Amounts due in:		
Less than one year	\$ 740,091	\$ 469,050
One to five years	<u>365,000</u>	<u>212,500</u>
	<b>\$ 1,105,091</b>	<b>\$ 681,550</b>

The discount rate was 7.75% and 4.75% and for 2022 and 2021, respectively.

**Tennessee Immigrant and Refugee Rights Coalition**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

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**Note 4. Property and Equipment**

The following is a summary of property and equipment:

	<b>2022</b>	<b>2021</b>
Land	\$ 326,007	\$ 326,007
Building	2,308,835	2,308,835
Equipment	36,005	29,655
Software	-	3,304
Furniture and fixtures	39,266	1,941
Less: accumulated depreciation	<u>(134,935)</u>	<u>(65,924)</u>
Property and equipment, net	<b>\$ 2,575,178</b>	<b>\$ 2,603,818</b>

**Note 5. PPP Loan**

On March 22, 2021, the Organization received a loan in the amount of \$293,037. As of December 31, 2021 the Organization recognized contribution income of \$293,307, as repayment of the loan was forgiven.

**Note 6. Note Payable**

The Organization has a 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%. At December 31, 2022 and 2021, the Organization had outstanding balances under the note of \$300,000 and \$500,000, respectively.

During April 2022, the Organized obtained a \$19,210 loan that matures in September 2028. Outstanding balances on the loan accrue interest at a fixed rate of 5.74%. At December 31, 2022 the Organization had an outstanding balance of \$17,884.

**Note 7. Net Assets**

Net assets with donor restrictions were as follows:

	<b>2022</b>	<b>2021</b>
Amounts restricted for future periods	\$ 769,500	\$ 440,000
Amount restricted for new office building	<u>496,706</u>	<u>631,927</u>
	<b>\$ 1,266,206</b>	<b>\$ 1,071,927</b>

**Tennessee Immigrant and Refugee Rights Coalition**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

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**Note 8. Leases**

The Organization leases copiers under financing lease agreements that have initial terms ranging from three to four years.

Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense are as follows for the year ended December 31, 2022:

Finance lease cost - amortization of right-of-use assets	\$	10,080
Finance lease cost – interest on lease liabilities		<u>1,365</u>
Total lease cost	\$	11,445

Supplemental statement of financial position information related to leases is as follows as of December 31, 2022:

Financing leases		
Machinery and equipment	\$	38,152
Accumulated amortization		<u>(10,080)</u>
Financing lease, right-of-use assets, net	\$	28,072
Finance lease liabilities, current portion	\$	10,509
Finance lease liabilities, net of current portion		<u>17,563</u>
Total finance lease liabilities	\$	28,072
Weighted-average remaining lease term		
Finance leases		3.58 years
Weighted-average discount rate		
Finance leases		4.07%

Future undiscounted cash flows for the next five years and thereafter, and a reconciliation to the lease liabilities recognized on the statement of financial position are as follows as of December 31, 2022:

Years ending December 31,	Finance Leases
2023	\$ 11,169
2024	11,169
2025	<u>7,281</u>
Total lease payments	29,619
Less imputed interest	<u>(1,547)</u>
Total present value of lease liabilities	\$ <b>28,072</b>

**Tennessee Immigrant and Refugee Rights Coalition**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

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**Note 8. Leases**

The following table represents future minimum lease payments required under the above lease agreements as of December 31, 2021:

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

Rent expense as of December 31, 2021 was \$15,300.

**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, 2022 and 2021, the Organization had deposits in excess of the federally insured limit totaling approximately \$904,000 and \$831,000, 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.

**Note 10. Cash Restricted for Long-Term Assets**

At December 30, 2022 and 2021, the Organization had cash on hand of \$307,444 and \$350,459 that was restricted for long-term assets related to the capital campaign. The amount reflected in the statement of cash flows for the year ended December 31, 2022 and 2021 of \$208,136 and \$491,441, reflects cash inflows of contributions from donors for long-term assets as part of the capital campaign for construction of long-term assets.

**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 \$208,844 and \$93,143 as reimbursements for expenses paid on behalf of the related party under the cost-sharing agreement during 2022 and 2021, respectively.

The Organization also issued grants in the amount of \$195,000 and \$145,000 to the related party during 2022 and 2021, respectively.

The Organization had accounts receivable of \$80,828 from the related party as of December 31, 2022.

## Tennessee Immigrant and Refugee Rights Coalition

### Notes to Financial Statements

For the Years Ended December 31, 2022 and 2021

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#### Note 12. **Restatement**

Net assets and grants receivable at December 31, 2021, have been restated by \$111,550. The effect on the Organization's previously issued financial statements is summarized as follows:

Statement of financial position as of December 31, 2021:

	<b>Previously reported</b>	<b>Increase</b>	<b>Restated</b>
Grants receivable, net	\$ 551,468	\$ 111,550	\$ 663,018

Statement of activities and changes in net assets for the year ended December 31, 2021:

	<b>Previously reported</b>	<b>Increase</b>	<b>Restated</b>
Contributions	\$ 1,649,753	\$ 111,550	\$ 1,761,303
Net assets without donor restrictions	\$ 2,703,961	\$ 81,550	\$ 2,785,511
Net assets with donor restrictions	\$ 1,041,927	\$ 30,000	\$ 1,071,927

#### Note 13. **Subsequent Events**

The Organization has evaluated subsequent events through December 5, 2023, the date on which the financial statements were available to be issued.

## **Compliance Section**

**Tennessee Immigrant and Refugee Rights Coalition**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022

Grantor / Pass-through grantor	Program name	Assistance listing number	Contract number	Pass-through entity identifying number	Expenditures	Amount passed-through to subrecipients
<b>Federal Awards</b>						
Department of the Treasury Metropolitan Government of Nashville and Davidson County	Covid-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	L-5290	N/A	\$ 271,540	\$ 157,636
Department of Health and Human Services Tennessee Department of Human Services	Covid-19 - Immunization Cooperative Agreements	93.268	GR-23-76589-00	N/A	196,841	-
Tennessee Department of Human Services	Covid-19 - Immunization Cooperative Agreements	93.268	GR-22-75062-00	N/A	<u>196,657</u>	<u>-</u>
Total 93.268					393,498	-
National Association of County and City Health Officials	Covid-19 -Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	2021-092397	N/A	180,000	74,080
Department of Homeland Security United Way	Emergency Food and Shelter National Board Program	97.024	39-7652-00 077	N/A	<u>6,800</u>	<u>-</u>
Total federal awards					<b>\$ 851,838</b>	<b>\$ 231,716</b>

**Tennessee Immigrant and Refugee Rights Coalition**  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year ended December 31, 2022

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Tennessee Immigrant and Refugee Rights Coalition (the Organization) under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not present the financial position, changes in net assets, or cash flows of the Organization.

**Note 2. Summary of Significant Accounting Policies**

**Basis of Accounting**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization did not expend any federal awards during the year ended December 31, 2022 in the form of noncash assistance.

**Indirect Cost Rate**

The Organization expended indirect costs using a multiple allocation base method and did not elect to use the 10% de minimis cost rate allowed under the Uniform Guidance.

**Note 3. Noncash Awards**

The Organization did not receive noncash federal awards during the year.

**Note 4. Subrecipients**

The Organization had \$231,716 in expenditures to subrecipients during the year.

**Note 5. Contingencies**

These programs are subject to financial and compliance audits by grantor agencies. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.



**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Directors  
Tennessee Immigrant and Refugee Rights Coalition

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Tennessee Immigrant and Refugee Rights Coalition (a not-for-profit organization, the Organization), which comprise the statement of financial position as of December 31, 2022, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, as listed in the table of contents, and have issued our report thereon dated December 5, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001, that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Organization's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Tennessee Immigrant and Refugee Rights Coalition's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Tennessee Immigrant and Refugee Rights Coalition's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC  
Brentwood, Tennessee  
December 5, 2023



## **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Directors  
Tennessee Immigrant and Refugee Rights Coalition

### **Report on Compliance for Each Major Federal Program *Qualified and Unmodified Opinions***

We have audited Tennessee Immigrant and Refugee Rights Coalition's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Qualified Opinion on Covid-19 – Coronavirus State and Local Fiscal Recovery Funds***

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Covid-19 – Coronavirus State and Local Fiscal Recovery Funds for the year ended December 31, 2022.

#### ***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2022.

#### ***Basis for Qualified and Unmodified Opinions***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

### ***Matter Giving Rise to Qualified Opinion on Covid 19 – Coronavirus State and Local Fiscal Recovery Funds***

As described in the accompanying schedule of findings and questioned costs, the Organization did not comply with the requirements regarding subrecipient monitoring for Assistance Listing No. 21.027 Covid-19 - Coronavirus State and Local Fiscal Recovery Funds as described in finding number 2022-002. Compliance with such requirements is necessary, in our opinion, for the Organization to comply with the requirements applicable to that program.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a material weakness. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as 2022-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC  
Brentwood, Tennessee  
December 5, 2023

# Tennessee Immigrant and Refugee Rights Coalition

## Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2022

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### Section I. Summary of Auditors' Results

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with US GAAP	Unmodified
Internal control over financial reporting	
Material weakness identified?	Yes
Significant deficiency identified?	No
Noncompliance material to financial statements noted?	No

#### Federal Awards

Internal control over major federal programs	
Material weakness identified?	Yes
Significant deficiency identified?	Yes
Type of auditor's report issued on compliance for major federal programs	
21.027 Covid-19 – Coronavirus State and Local Fiscal Recovery Funds	Qualified
93.268 Covid-19 – Immunization Cooperative Agreements	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of major federal programs (Assistance Listing and name of federal program or cluster)	
21.027 Covid-19 – Coronavirus State and Local Fiscal Recovery Funds	
93.268 Covid-19 – Immunization Cooperative Agreements	
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

# Tennessee Immigrant and Refugee Rights Coalition

## Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2022

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### Section II. **Financial Statement Findings**

#### **Finding 2022-001 – Revenue Recognition**

(Compliance and Related Internal Control Material Weakness)

Criteria: Revenues were recorded in incorrect periods. Grant revenue should be recognized when all grant conditions are satisfied.

Condition: Significant audit adjustments were made to correct the timing of revenue recognition based on the conditions stated in the grant agreements.

Cause: The Organization does not have sufficient controls in place to prevent or detect errors in the timing of revenue recognition or recognition of liabilities related to grant funds received in advance.

Effect: Multiple audit adjustments were identified and made.

Recommendation: The Organization should further refine its existing processes so that the necessary accounting adjustments are made when needed. Grant revenue should be recognized in the appropriate period.

Proposed Completion Date: January 31, 2024

### Section III. **Federal Award Findings and Questioned Costs**

#### **Finding 2022-002 – Subrecipient Monitoring**

(Compliance and Related Internal Control Material Weakness)

Criteria: The Uniform Guidance requires the pass-through entity to monitor subrecipients' use of federal awards. Per the Compliance Supplement, Section M, Subrecipient Monitoring, the Organization must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals. Because the pass-through entity is held accountable for federal awards administered by its subrecipients, the pass-through entity should establish an appropriate subrecipient monitoring process and to evaluate what, if any, additional monitoring activities may be necessary to ensure the subrecipients' compliance.

Condition: The Organization has expenditures of \$231,716 to subrecipients. The Organization pays subrecipient annually based on contract. The Organization does not monitor subrecipients' use of federal awards. No invoices are received by the Organization and expenditures are not reviewed to ensure they are allowable per grant budget and federal requirements.

Cause: There is inadequate administrative oversight with respect to subrecipient monitoring.

Effect: The Organization was not in compliance with subrecipient monitoring requirements.

Recommendation: We recommend that the Organization enhance its policies and procedures over subrecipient monitoring.

# Tennessee Immigrant and Refugee Rights Coalition

## Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2022

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### Section III. Federal Award Findings and Questioned Costs

#### **Finding 2022-002 – Subrecipient Monitoring**

(Compliance and Related Internal Control Material Weakness)

Proposed Completion Date: April 1, 2024

#### **Finding 2022-003 – Allowable Cost Determination**

(Compliance and Related Internal Control Significant Deficiency)

Criteria: The Organization must have controls in place to ensure costs are allowable per grant agreement and Compliance Supplement. Per the Compliance Supplement, Section B, Allowable Costs/Cost Principles, the Organization must ensure direct charges to federal awards were for allowable costs and adequately documented.

Condition: Timecards are reviewed by the appropriate personnel to ensure costs are allowable. Based on 34 timecards selected for testing, 5 did not have approvals documented before the disbursement occurred.

Cause: The Organization's controls were not functioning effectively.

Effect: Unallowable costs could be submitted for reimbursement due to controls not functioning effectively.

Recommendation: We recommend that the Organization document all timecard approvals before the disbursement occurs.

Proposed Completion Date: January 31, 2024

**Tennessee Immigrant and Refugee Rights Coalition**  
Management's Corrective Action Plan  
For the Year Ended December 31, 2022

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December 5, 2023

To whom it may concern:

Tennessee Immigrant and Refugee Rights Coalition respectfully submits the following corrective action plan for the year ended December 31, 2022.

**Finding 2022-001 – Revenue Recognition**

Management accepts the recommendation.

Corrective Action Taken: The organization has since implemented additional controls with its external accounting firm to increase the scope of work to add review of all grant invoices and financial tracking and reporting of all government grants in order to prevent and detect errors in the timing of revenue recognition or recognition of liabilities. The organization will implement an internal monthly review of all Profit and Loss statements with the external accounting firm in order to review and determine if any significant variances exist. Any large variances either from a prior financial tracking period or from projections will then be detected quickly. Given the additional systems in place and learnings from this year, we do not anticipate an issue with revenue recognition moving forward.

Anticipated Completion Date: January 31, 2024

**Finding 2022-002 – Subrecipient Monitoring**

Management accepts the recommendation.

Corrective Action Taken: The organization has since implemented additional controls to monitor subrecipients' use of American Rescue Plan federal awards in 2022 which include an addendum, signed and adopted May 2023, to the subgrant agreement to ensure the subrecipients provide invoices and financial reports as well as programmatic reports every 6 months to ensure the organization and subrecipients' compliance. The organization has updated our subgrant agreement to ensure an appropriate monitoring process is included for future cycles. In addition, we have established clear staff roles for monitoring subrecipient reporting compliance. Given the additional systems in place, we do not anticipate an issue with subrecipient monitoring and oversight moving forward.

Anticipated Completion Date: April 1, 2024

**Tennessee Immigrant and Refugee Rights Coalition**  
Management's Corrective Action Plan  
For the Year Ended December 31, 2022

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**Finding 2022-003 – Allowable Cost Determination**

Management accepts the recommendation.

Corrective Action Taken: The organization has since implemented additional controls to ensure costs are allowable per grant agreement and compliance supplement by moving all timesheet tracking to ADP, a Professional Employer Organization (PEO), that requires supervisor oversight and documented approval of all timesheets before payroll. After supervisors approve hours, the finance manager will ensure expenses are allocated based on the time allocated in the timesheets and the individual's supervisor will review individual payroll expenses to ensure accuracy. The senior operations director will then review and approve all expenses before paychecks are issued. As a result of the transition from timesheet spreadsheets for part-time employees to ADP's timesheet tracking with required supervisor approval documentation in October 2022 for every employee and added payroll expense approval procedures, we do not anticipate an issue with allowable cost determination moving forward.

Anticipated Completion Date: January 31, 2024

Sincerely,



Lisa-Sherman-Nikolaus  
Executive Director