

**TENNESSEE IMMIGRANT AND
REFUGEE RIGHTS COALITION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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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

Report on the Financial Statements

We have audited the accompanying financial statements of Tennessee Immigrant and Refugee Rights Coalition (a Tennessee not-for-profit corporation), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tennessee Immigrant and Refugee Rights Coalition as of December 31, 2017 and 2016, 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Emphasis of Matter

As discussed in Note 8 to the financial statements, the 2016 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Blankenship CPA Group, PLLC

November 8, 2018

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS

| | 2017 | 2016 |
|-----------------------------|--------------------------|--------------------------|
| Current assets: | | |
| Cash | \$ 624,054 | \$ 456,756 |
| Grants receivable, net | 334,522 | 86,728 |
| Other receivables | <u>17,411</u> | <u>127,283</u> |
| Total current assets | 975,987 | 670,767 |
| Software and equipment, net | 5,298 | 3,258 |
| Other assets | <u>1,931</u> | <u>1,931</u> |
| Total assets | <u><u>\$ 983,216</u></u> | <u><u>\$ 675,956</u></u> |

LIABILITIES AND NET ASSETS

| | | |
|----------------------------------|--------------------------|--------------------------|
| Current liabilities: | | |
| Accounts payable | \$ 25,476 | \$ 35,269 |
| Accrued expenses | - | 39,759 |
| Accrued leave | 7,406 | 24,517 |
| Accrued payroll | <u>29,452</u> | <u>37,367</u> |
| Total current liabilities | <u>62,334</u> | <u>136,912</u> |
| Net assets: | | |
| Unrestricted | 166,360 | 166,723 |
| Unrestricted - board designated | 372,000 | 259,593 |
| Temporarily restricted | <u>382,522</u> | <u>112,728</u> |
| Total net assets | <u>920,882</u> | <u>539,044</u> |
| Total liabilities and net assets | <u><u>\$ 983,216</u></u> | <u><u>\$ 675,956</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, 2017

| | Unrestricted | Unrestricted Board Designated | Temporarily Restricted | Total |
|--|----------------|-------------------------------------|---------------------------|----------------|
| Revenue and other support: | | | | |
| Grants | \$ 691,805 | \$ 372,000 | \$ 324,158 | \$ 1,387,963 |
| Special events | 55,273 | - | - | 55,273 |
| Contributions | 192,454 | - | - | 192,454 |
| Other revenues | 43,681 | - | - | 43,681 |
| Membership dues | 22,905 | - | - | 22,905 |
| Net assets released from board designations | 259,593 | (259,593) | - | - |
| Net assets released from restrictions | 54,364 | - | (54,364) | - |
| Total revenue and other support | 1,320,075 | 112,407 | 269,794 | 1,702,276 |
| Expenses: | | | | |
| Program services: | | | | |
| Community organizing | 563,730 | - | - | 563,730 |
| Advocacy & education | 309,811 | - | - | 309,811 |
| Southeast network | 236,195 | - | - | 236,195 |
| Total program services | 1,109,736 | - | - | 1,109,736 |
| Supporting services: | | | | |
| Administrative | 121,390 | - | - | 121,390 |
| Fundraising | 89,312 | - | - | 89,312 |
| Total supporting services | 210,702 | - | - | 210,702 |
| Total expenses | 1,320,438 | - | - | 1,320,438 |
| Change in net assets | (363) | 112,407 | 269,794 | 381,838 |
| Net assets, beginning of year | 166,723 | 259,593 | 112,728 | 539,044 |
| Net assets, end of year | \$ 166,360 | \$ 372,000 | \$ 382,522 | \$ 920,882 |

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

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

| | Unrestricted | Unrestricted Board Designated | Temporarily Restricted | Total |
|--|----------------|-------------------------------------|---------------------------|----------------|
| Revenue and other support: | | | | |
| Grants | \$ 719,801 | \$ 259,593 | \$ 112,728 | \$ 1,092,122 |
| Special events | 459,368 | - | - | 459,368 |
| Contributions | 373,762 | - | - | 373,762 |
| Other revenues | 63,046 | - | - | 63,046 |
| Membership dues | 15,845 | - | - | 15,845 |
| Net assets released from board designations | 60,000 | (60,000) | - | - |
| Net assets released from restrictions | 145,000 | - | (145,000) | - |
| Total revenue and other support | 1,836,822 | 199,593 | (32,272) | 2,004,143 |
| Expenses: | | | | |
| Program services: | | | | |
| Community organizing | 409,094 | - | - | 409,094 |
| Advocacy & education | 658,902 | - | - | 658,902 |
| Southeast network | 420,251 | - | - | 420,251 |
| Total program services | 1,488,247 | - | - | 1,488,247 |
| Supporting services: | | | | |
| Administrative | 178,172 | - | - | 178,172 |
| Fundraising | 131,403 | - | - | 131,403 |
| Total supporting services | 309,575 | - | - | 309,575 |
| Total expenses | 1,797,822 | - | - | 1,797,822 |
| Change in net assets | 39,000 | 199,593 | (32,272) | 206,321 |
| Net assets, beginning of year | 127,723 | 60,000 | 145,000 | 332,723 |
| Net assets, end of year | \$ 166,723 | \$ 259,593 | \$ 112,728 | \$ 539,044 |

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, 2017

| | Program Services | | Supporting Services | | |
|----------------------------|-------------------------|-------------------------|----------------------|-------------------|---------------------|
| | Community Organizing | Advocacy & Education | Southeast Network | Administrative | Fundraising |
| | Total | | | | |
| Salaries and benefits | \$ 422,380 | \$ 232,740 | \$ 68,960 | \$ 68,959 | \$ 68,960 |
| Travel and events | 49,827 | 28,163 | 12,998 | 8,665 | 8,666 |
| Office expense | 36,267 | 19,844 | - | 6,158 | 6,159 |
| Occupancy expense | 16,760 | 9,669 | - | 2,901 | 2,901 |
| Other personnel | 4,300 | 2,322 | 602 | 688 | 688 |
| Non-personnel expense | 6,746 | 3,138 | 3,922 | 941 | 941 |
| Grant and contract expense | 21,388 | 10,694 | 149,713 | 32,081 | - |
| Depreciation | 1,016 | 625 | - | 156 | 156 |
| Business expense | 5,046 | 2,616 | - | 841 | 841 |
| | <u>\$ 563,730</u> | <u>\$ 309,811</u> | <u>\$ 236,195</u> | <u>\$ 121,390</u> | <u>\$ 89,312</u> |
| | | | | | <u>\$ 1,320,438</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, 2016

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

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

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

| | 2017 | 2016 |
|--|--------------------------|--------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 381,838 | \$ 206,321 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 1,953 | 1,805 |
| Change in operating assets and liabilities | | |
| Prepaid expense | - | 5,203 |
| Grants receivable | (247,794) | (67,728) |
| Other receivables | 109,872 | (118,667) |
| Accounts payable | (9,793) | 11,027 |
| Accrued expenses | (39,759) | 39,759 |
| Accrued leave | (17,111) | 3,888 |
| Accrued payroll | (7,915) | 14,006 |
| | <u>171,291</u> | <u>95,614</u> |
| Net cash provided by operating activities | | |
| | <u>171,291</u> | <u>95,614</u> |
| Cash flows from investing activities: | | |
| Purchase of software and equipment | (3,993) | - |
| | <u>(3,993)</u> | <u>-</u> |
| Net cash used by investing activities | | |
| | <u>(3,993)</u> | <u>-</u> |
| Net increase in cash | 167,298 | 95,614 |
| Total cash, beginning of year | <u>456,756</u> | <u>361,142</u> |
| Total cash, end of year | <u><u>\$ 624,054</u></u> | <u><u>\$ 456,756</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, 2017 AND 2016**

NOTE 1 - NATURE OF ACTIVITIES

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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

Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

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

Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities.

Permanently Restricted - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that can affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

Cash consists of cash on hand and on deposit at a bank. The Organization generally maintains cash on deposit at a financial institution which is in excess of the federally insured limit of \$250,000. The uninsured balance totaled approximately \$364,000 and \$197,000 at December 31, 2017 and 2016, respectively. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

Other Receivables

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

Software and Equipment and Depreciation

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

Contributions

Unconditional promises to give 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 revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Grants and other contributions of cash and other assets are recorded as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions received with donor imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

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

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Organization's management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2017 no uncertain positions are taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization is no longer subject to audit by taxing jurisdictions for years prior to 2014.

Allocation of Functional Expenses

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

Program and Supporting Services

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

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

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

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

Reclassifications

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

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 3 - GRANTS RECEIVABLE

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

| | 2017 | 2016 |
|------------------------------|--------------------------|-------------------------|
| Restricted to future periods | \$ 336,158 | \$ 90,000 |
| Less unamortized discount | <u>(1,636)</u> | <u>(3,272)</u> |
| Grants receivable, net | <u><u>\$ 334,522</u></u> | <u><u>\$ 86,728</u></u> |
| Amounts due in: | | |
| Less than one year | \$ 306,158 | \$ 30,000 |
| One to five years | <u>30,000</u> | <u>60,000</u> |
| Total | <u><u>\$ 336,158</u></u> | <u><u>\$ 90,000</u></u> |

A discount rate of 3.75 percent was used for 2017 and 2016, respectively.

In addition, during the year ended December 31, 2017, the Organization received a conditional promise to give that is not recognized as an asset in the statements of financial position. The conditional promise to give of up to \$50,000 during the grant period will be awarded on a one to one basis as matching funds. The criteria for the Organization to receive these funds are grants received from new funding sources or an increase in grant funds from current sources.

NOTE 4 - SOFTWARE AND EQUIPMENT

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

| | 2017 | 2016 |
|-------------------------------|------------------------|------------------------|
| Software | \$ 3,305 | \$ 3,305 |
| Equipment | <u>16,811</u> | <u>12,818</u> |
| | 20,116 | 16,123 |
| Less accumulated depreciation | <u>(14,818)</u> | <u>(12,865)</u> |
| Software and equipment, net | <u><u>\$ 5,298</u></u> | <u><u>\$ 3,258</u></u> |

NOTE 5 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of grant funds restricted to future periods. There were no permanently restricted net assets as of December 31, 2017 and 2016.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 6 - LEASES

The Organization leases a copier under an operating lease which expires in November 2020 and requires monthly payments of \$514.

The Organization leases its facilities under an operating lease which expires in September 2019. Rent expense was \$28,431 and \$26,598 for the years ended December 31, 2017 and 2016, respectively.

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

| Year ending <u>December 31,</u> | |
|------------------------------------|-------------------------|
| 2018 | \$ 42,247 |
| 2019 | 33,229 |
| 2020 | <u>3,601</u> |
| | <u><u>\$ 79,077</u></u> |

NOTE 7 - 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, 2017 and 2016 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.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 8 - RESTATEMENT OF NET ASSETS

The Organization has restated its previously issued financial statements to correct errors related to the presentation and disclosure of restricted net assets and the recognition of grant revenue.

The following are summaries of the restatements:

| | <u>Unrestricted</u> | <u>Unrestricted Board Designated</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---|---------------------|--|-----------------------------------|-------------------|
| Net assets as of January 1, 2016 as previously reported | \$ 146,723 | \$ 60,000 | \$ 126,000 | \$ 332,723 |
| Restatement | <u>(19,000)</u> | <u>-</u> | <u>19,000</u> | <u>-</u> |
| Net assets as of January 1, 2016 as restated | <u>\$ 127,723</u> | <u>\$ 60,000</u> | <u>\$ 145,000</u> | <u>\$ 332,723</u> |

| | <u>Unrestricted</u> | <u>Unrestricted Board Designated</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---|---------------------|--|-----------------------------------|-------------------|
| Net assets as of January 1, 2017 as previously reported | \$ 196,723 | \$ 259,593 | \$ 26,000 | \$ 482,316 |
| Restatement | <u>(30,000)</u> | <u>-</u> | <u>86,728</u> | <u>56,728</u> |
| Net assets as of January 1, 2017 as restated | <u>\$ 166,723</u> | <u>\$ 259,593</u> | <u>\$ 112,728</u> | <u>\$ 539,044</u> |

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 8 - RESTATEMENT OF NET ASSETS (CONTINUED)

The effect on the Organization's previously issued financial statements is summarized as follows:

| | <u>Previously Reported</u> | <u>Increase (Decrease)</u> | <u>Restated</u> |
|---|--------------------------------|--------------------------------|---------------------|
| Statement of financial position as of December 31, 2016 | | | |
| Grants receivable, net | <u>\$ 30,000</u> | <u>\$ 56,728</u> | <u>\$ 86,728</u> |
| Statement of activities for the year ended December 31, 2016 | | | |
| Revenue and other support - grants | <u>\$ 1,035,394</u> | <u>\$ 56,728</u> | <u>\$ 1,092,122</u> |
| Change in net assets | <u>\$ 149,593</u> | <u>\$ 56,728</u> | <u>\$ 206,321</u> |
| Statement of cash flows for the year ended December 31, 2016 | | | |
| Change in grants receivable, net | <u>\$ (11,000)</u> | <u>\$ (56,728)</u> | <u>\$ (67,728)</u> |

NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 8, 2018, the date which the financial statements were available to be issued.

Subsequent to year end the Organization purchased land in the amount of \$310,000 in Nashville, TN with the intent to build a facility for their operations. \$300,000 of the purchase price was financed through an independent organization. Construction has not yet begun on the facility.

Subsequent to year end the Organization established a subsidiary 501(c)(4) social welfare corporation under the name TIRRC Votes. TIRRC Votes was established to strengthen and expand democracy by building power in immigrant and refugee communities and advocating for equitable and inclusive public policy.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 10 - RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ('FASB') issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers: Topic 606*. ASU 2014-09, along with the subsequent amendments, supersedes most existing revenue recognition guidance and outlines a single comprehensive standard for revenue recognition across all industries. In addition, ASU 2014-09 requires expanded quantitative and qualitative disclosures, including disclosure about the nature, amount, timing, and uncertainty of revenue. ASU 2014-09 was deferred by one year by ASU 2015-14 and will become effective for annual reporting periods beginning after December 15, 2018. The Organization is evaluating the requirements of this guidance and has not yet determined the impact of the adoption on its financial position, results of operations, and cash flows.

In February 2016, the FASB issued ASU No. 2016-02, *Leases: Topic 842*, to supersede nearly all existing lease guidance under GAAP. ASU 2016-02 requires the recognition of lease assets and lease liabilities on the statement of financial position by lessees for those leases currently classified as operating leases. ASU 2016-02 also requires qualitative disclosures along with specific quantitative disclosures and is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application is permitted. Entities are required to apply the amendments at the beginning of the earliest period presented using a modified retrospective approach. The Organization is evaluating the requirements of this guidance and has not yet determined the impact of the adoption on its financial position, results of operations, and cash flows.

In August 2016, the FASB issued Accounting Standard Update No. 2016-14, *Not-for-Profit Entities: Topic 958*, to amend the requirements for financial statements and notes of a not-for-profit entity. The new guidance is effective for periods beginning after December 15, 2017, on a retrospective basis, with early adoption permitted. ASU 2016-14 will result in changes to financial statement presentation and additional disclosures. The Organization is currently evaluating the impact of its pending adoption of ASU 2016-14 on its financial position, results of operations, and cash flows.