

**TENNESSEE IMMIGRANT AND  
REFUGEE RIGHTS COALITION  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED DECEMBER 31, 2010 AND 2009**

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# BLANKENSHIP CPA GROUP, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Tennessee Immigrant and Refugee Rights Coalition

We have audited the accompanying statements of financial position of Tennessee Immigrant and Refugee Rights Coalition (a Tennessee not-for-profit corporation, the "Organization") as of December 31, 2010 and 2009 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tennessee Immigrant and Refugee Rights Coalition as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Blankenship CPA Group, PLLC*

December 30, 2011

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2010 AND 2009**

	<b>ASSETS</b>	<b>2010</b>	<b>(RESTATED) 2009</b>
Current assets:			
Cash		\$ 228,849	\$ 334,257
Grants receivable		262,500	42,100
Other receivables		<u>7,100</u>	<u>1,797</u>
Total current assets		498,449	378,154
Software and equipment, net		<u>23,686</u>	<u>28,331</u>
Total assets		<u><u>\$ 522,135</u></u>	<u><u>\$ 406,485</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Accounts payable		\$ 2,764	\$ 1,706
Grants payable		132,635	-
Accrued leave		20,881	11,408
Accrued payroll		6,343	2,402
Deferred revenue		<u>170,000</u>	<u>249,500</u>
Total current liabilities		332,623	265,016
Net assets - unrestricted		<u>189,512</u>	<u>141,469</u>
Total liabilities and net assets		<u><u>\$ 522,135</u></u>	<u><u>\$ 406,485</u></u>

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

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	(RESTATED) 2009
Revenue and other support:		
Grants	\$ 758,125	\$ 705,062
Special events	14,100	30,741
Contributions	37,506	9,707
Earned revenues	<u>3,252</u>	<u>4,031</u>
Total revenue and other support	<u>812,983</u>	<u>749,541</u>
Expenses:		
Program services:		
Community Organizing	322,142	212,184
Awareness & Education	216,356	220,062
Southeast Network	<u>2,922</u>	<u>1,606</u>
Total program services	<u>541,420</u>	<u>433,852</u>
Supporting services:		
Administrative	144,338	135,891
Fundraising	<u>79,182</u>	<u>88,426</u>
Total supporting services	<u>223,520</u>	<u>224,317</u>
Total expenses	<u>764,940</u>	<u>658,169</u>
Increase in net assets	48,043	91,372
Net assets, beginning of year	<u>141,469</u>	<u>50,097</u>
Net assets, end of year	<u><u>\$ 189,512</u></u>	<u><u>\$ 141,469</u></u>

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

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2010**

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Community Organizing</u>	<u>Awareness &amp; Education</u>	<u>Southeast Network</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 172,778	\$ 152,898	\$ -	\$ 107,315	\$ 60,431	\$493,422
Travel and events	81,413	13,058	2,077	3,771	4,720	105,039
Miscellaneous	31,655	17,820	154	12,630	7,060	69,319
Occupancy expense	12,037	10,364	-	7,021	4,012	33,434
Other personnel	5,455	11,600	-	100	100	17,255
Non-personnel expense	8,223	5,264	450	8,376	1,757	24,070
Grant and contract expense	6,099	1,301	200	-	-	7,600
Depreciation	4,482	3,011	41	2,008	1,102	10,644
Business expense	-	1,040	-	3,117	-	4,157
	<u>\$ 322,142</u>	<u>\$ 216,356</u>	<u>\$ 2,922</u>	<u>\$ 144,338</u>	<u>\$ 79,182</u>	<u>\$764,940</u>

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

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2009**

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Community Organizing</u>	<u>Awareness &amp; Education</u>	<u>Southeast Network</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 137,334	\$ 142,309	\$ -	\$ 71,162	\$ 68,901	\$419,706
Travel and events	32,564	31,999	-	5,927	7,583	78,073
Miscellaneous	20,859	19,961	-	28,500	6,693	76,013
Occupancy expense	7,155	8,195	-	6,299	3,615	25,264
Other personnel	(9,535)	3,355	-	17,100	75	10,995
Non-personnel expense	13,113	8,500	-	-	-	21,613
Grant and contract expense	8,600	180	-	3,885	-	12,665
Depreciation	2,804	2,886	-	1,754	1,164	8,608
Business expense	(710)	2,677	1,606	1,264	395	5,232
	<u>\$ 212,184</u>	<u>\$ 220,062</u>	<u>\$ 1,606</u>	<u>\$ 135,891</u>	<u>\$ 88,426</u>	<u>\$658,169</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, 2010 AND 2009**

	2010	(RESTATED) 2009
Cash flows from operating activities:		
Increase in net assets	\$ 48,043	\$ 91,372
Adjustments to reconcile increase in net assets to net cash (used) provided by operating activities:		
Depreciation	10,644	8,608
(Increase) decrease in operating assets		
Grants receivable	(220,400)	62,900
Other receivables	(5,303)	(283)
Increase (decrease) in operating liabilities		
Accounts payable	1,058	(1,558)
Grants payable	132,635	(4,000)
Accrued leave	9,473	460
Accrued payroll	3,941	(929)
Deferred revenue	<u>(79,500)</u>	<u>(60,500)</u>
Net cash (used) provided by operating activities	<u>(99,409)</u>	<u>96,070</u>
Cash flows from investing activities:		
Purchase of software and equipment	<u>(5,999)</u>	<u>(20,465)</u>
Net cash used by investing activities	<u>(5,999)</u>	<u>(20,465)</u>
Net (decrease) increase in cash	(105,408)	75,605
Cash, beginning of year	<u>334,257</u>	<u>258,652</u>
Cash, end of year	<u><u>\$ 228,849</u></u>	<u><u>\$ 334,257</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, 2010 AND 2009**

**NOTE 1 - NATURE OF ACTIVITIES**

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of Tennessee Immigrant and Refugee Rights Coalition have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

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

Reclassifications

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

Cash

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

Software and Equipment and Depreciation

Software and equipment are capitalized at cost. It is the Organization's policy to capitalize expenditures for equipment in excess of \$500 and to capitalize all software costs. Equipment is depreciated over estimated useful lives of three to seven years using a straight-line or 200% double declining balance method with depreciation being recognized on a monthly basis. Software is depreciated over three years using the straight-line method.

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contributions

Unconditional promises to give are recorded when received. Conditional promises to give are recorded as revenue only after all conditions stipulated by the grant agreement have been met by the Organization. Unconditional promises to give and conditional promises to give, for which all conditions have been met, due in the next year, are reflected as grants receivable and are recorded at their net realizable value.

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

During the year ended December 31, 2010, two contributors constituted approximately 50% of total revenue. During the year ended December 31, 2009, two contributors constituted approximately 50% of total revenue.

Income Taxes

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

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, awareness and education, and the southeast network. Additionally, program services includes 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.

Allocation of Functional Expenses

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

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

**NOTE 3 - GRANTS RECEIVABLE**

Unconditional promises to give and conditional promises to give for which all conditions have been met at December 31, 2010 and 2009 are all receivable in less than one year. As such, they are shown at their net realizable value. The Organization believes all promises to give to be collectible; therefore no allowance has been made.

**NOTE 4 - SOFTWARE AND EQUIPMENT**

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

	2010	2009
Software	\$ 5,115	\$ 3,344
Equipment	54,733	50,505
	<u>59,848</u>	<u>53,849</u>
Less accumulated depreciation	(36,162)	(25,518)
Net software and equipment	<u>\$ 23,686</u>	<u>\$ 28,331</u>

Depreciation expense for the years ended December 31, 2010 and 2009 was \$10,644 and \$8,608, respectively.

**NOTE 5 - GRANTS PAYABLE**

During the year ended December 31, 2010, the Organization received a \$150,000 contribution from a not-for-profit entity (Donor). This contribution was made with a Donor stipulation that the Organization use these funds only for the benefit of certain designated beneficiaries. During the year \$17,365 in payments were made in accordance with Donor stipulations. As of December 31, 2010, \$132,635 of this contribution remained to be transferred in accordance with Donor stipulations.

**NOTE 6 - LEASE**

In January 2009, the Organization became obligated under a real property lease for its primary office in Nashville. The lease is to expire March 31, 2014. Rent expense was \$31,857 and \$24,101 for the years ended December 31, 2010 and 2009. Future minimum payments under this lease are as follows:

Year ending December 31:

2011	\$ 30,658
2012	32,136
2013	33,613
2014	<u>8,496</u>
Total	<u>\$ 104,903</u>

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

**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, 2010 and 2009 for the repayment of questioned costs as no grantor agency has made a determination of the appropriateness of any questioned costs. Management deems the possibility of a refund request to be remote, as they believe that the Organization has accommodated their objective to the provisions of the grants.

**NOTE 8 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 30, 2011, the date which the financial statements were available to be issued.

**NOTE 9 - RESTATEMENT OF FINANCIAL STATEMENTS**

As a result of a review of the accounting for contingent grants during the year ended December 31, 2010, it was discovered that net assets had been materially overstated in prior periods because of the cumulative effect of recording certain grant commitments as revenue on the statements of activities when they should have been recorded as deferred revenue on the statements of financial position. The Organization has modified its accounting procedures to properly account for deferred revenue in accordance with accounting principles generally accepted in the United States of America. This overstatement resulted in errors that occurred in 2009, primarily from an overstatement of restricted net assets during this period. Accordingly, the Organization restated its results for the affected year.

The effect of the restatement on the change in unrestricted net assets and financial position as of and for the year ended December 31, 2009 is as follows:

	As Previously Reported	Restated
Deferred revenue	\$ -	\$249,500
Increase in total net assets	30,871	91,372
Temporarily restricted net assets	107,000	-
Net assets – board designated unrestricted	142,500	-
Net assets - Unrestricted	171,871	141,469