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**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2007 AND 2006**

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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, 2007 and 2006, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Tennessee Immigrant and Refugee Rights Coalition, as of December 31, 2007 and 2006, and the results of its activities and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

September 22, 2008

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006

ASSETS			
		2007	2006
Current assets:			
Cash	\$	199,687	\$ 162,421
Grants receivable		147,500	62,385
Other receivables		8,074	2,229
Employee loan receivable		-	1,200
		<u>355,261</u>	<u>228,235</u>
Total current assets			
Software and equipment, net		<u>16,978</u>	<u>20,619</u>
Total assets	\$	<u><u>372,239</u></u>	<u><u>\$ 248,854</u></u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	\$	65	\$ -
Grants payable		4,000	-
Accrued leave		8,130	10,774
Accrued payroll		<u>17,587</u>	<u>9,151</u>
		<u>29,782</u>	<u>19,925</u>
Total current liabilities			
Net assets:			
Unrestricted net assets		14,957	22,929
Unrestricted net assets - board designated		130,000	115,115
Temporarily restricted net assets		<u>197,500</u>	<u>90,885</u>
		<u>342,457</u>	<u>228,929</u>
Total net assets			
Total liabilities and net assets	\$	<u><u>372,239</u></u>	<u><u>\$ 248,854</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, 2007

	<u>Unrestricted</u>	<u>Unrestricted board designated</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support:				
Grants	\$ 413,000	\$ 130,000	\$ 197,500	\$ 740,500
Contributions	6,751	-	-	6,751
Earned revenues	24,001	-	-	24,001
Net assets released from restrictions	206,000	(115,115)	(90,885)	-
Total revenue and other support	<u>649,752</u>	<u>14,885</u>	<u>106,615</u>	<u>771,252</u>
Expenses:				
Program services:				
Base building	298,517	-	-	298,517
Defense of civil rights	26,256	-	-	26,256
Grassroots policy change	73,166	-	-	73,166
Public awareness	81,093	-	-	81,093
Total program services	<u>479,032</u>	<u>-</u>	<u>-</u>	<u>479,032</u>
Supporting services:				
Administrative	114,412	-	-	114,412
Fundraising	64,280	-	-	64,280
Total supporting services	<u>178,692</u>	<u>-</u>	<u>-</u>	<u>178,692</u>
Total expenses	<u>657,724</u>	<u>-</u>	<u>-</u>	<u>657,724</u>
Increase in net assets	(7,972)	14,885	106,615	113,528
Net assets, beginning of year	<u>22,929</u>	<u>115,115</u>	<u>90,885</u>	<u>228,929</u>
Net assets, end of year	<u>\$ 14,957</u>	<u>\$ 130,000</u>	<u>\$ 197,500</u>	<u>\$ 342,457</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, 2006

	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Total
Revenue and other support:				
Grants	\$ 246,475	\$ 93,615	\$ 112,385	\$ 452,475
Contributions	14,104	-	-	14,104
Earned revenues	8,134	-	-	8,134
Net assets released from restrictions	127,500	(78,500)	(49,000)	-
Total revenue and other support	396,213	15,115	63,385	474,713
Expenses:				
Program services:				
Base building	150,889	-	-	150,889
Defense of civil rights	15,803	-	-	15,803
Grassroots policy change	87,997	-	-	87,997
Public awareness	41,736	-	-	41,736
Total program services	296,425	-	-	296,425
Supporting services:				
Administrative	102,654	-	-	102,654
Fundraising	21,392	-	-	21,392
Total supporting services	124,046	-	-	124,046
Total expenses	420,471	-	-	420,471
Increase in net assets	(24,258)	15,115	63,385	54,242
Net assets, beginning of year	47,187	100,000	27,500	174,687
Net assets, end of year	\$ 22,929	\$ 115,115	\$ 90,885	\$ 228,929

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

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007

	<u>Program Services</u>				<u>Supporting Services</u>		
	<u>Base Building</u>	<u>Defense of Civil Rights</u>	<u>Grassroots Policy Change</u>	<u>Public Awareness</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 143,095	\$ 15,717	\$ 44,979	\$ 56,317	\$ 75,248	\$ 47,711	\$ 383,067
Travel and events	90,700	1,619	7,118	7,532	10,567	4,976	122,512
Miscellaneous	29,050	1,997	6,380	5,926	9,769	6,571	59,693
Occupancy expense	5,544	2,273	3,789	3,789	6,233	1,515	23,143
Other personnel	5,224	440	2,264	6,410	2,475	2,992	19,805
Non-personnel expense	7,100	-	5,000	-	6,800	-	18,900
Grant and contract expense	14,050	4,000	1,800	470	-	-	20,320
Depreciation	2,390	210	586	649	916	515	5,266
Business expense	1,364	-	1,250	-	2,404	-	5,018
	<u>\$ 298,517</u>	<u>\$ 26,256</u>	<u>\$ 73,166</u>	<u>\$ 81,093</u>	<u>\$ 114,412</u>	<u>\$ 64,280</u>	<u>\$ 657,724</u>

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

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2006

	Program Services				Supporting Services		
	Base Building	Defense of Civil Rights	Grassroots Policy Change	Public Awareness	Administrative	Fundraising	Total
Salaries and benefits	\$ 74,591	\$ 10,953	\$ 52,867	\$ 21,650	\$ 59,936	\$ 15,641	\$ 235,638
Travel and events	54,289	855	6,587	5,223	6,227	1,078	74,259
Miscellaneous	682	-	2,741	5,150	3,341	365	12,279
Occupancy expense	2,453	1,168	3,505	1,168	2,104	1,285	11,683
Other personnel	1,290	-	11,486	3,705	14,080	1,156	31,717
Non-personnel expense	13,523	2,441	5,953	3,304	15,869	1,374	42,464
Grant and contract expense	3,250	-	2,100	1,150	-	-	6,500
Depreciation	811	386	1,158	386	1,007	282	4,030
Business expense	-	-	1,600	-	90	211	1,901
	<u>\$ 150,889</u>	<u>\$ 15,803</u>	<u>\$ 87,997</u>	<u>\$ 41,736</u>	<u>\$ 102,654</u>	<u>\$ 21,392</u>	<u>\$ 420,471</u>

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

TENNESSEE IMMIGRANT REFUGEE RIGHTS COALITION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
Cash flows from operating activities:		
Increase in net assets	\$ 113,528	\$ 54,242
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	5,266	4,030
Increase in grants receivable	(85,115)	(33,201)
Increase in other receivables	(5,845)	(2,229)
Decrease (increase) in employee loan receivable	1,200	(1,200)
Increase in accounts payable	65	-
Increase in grants payable	4,000	-
Increase in accrued expenses	<u>5,792</u>	<u>8,090</u>
Net cash provided by operating activities	<u>38,891</u>	<u>29,732</u>
Cash flows from investing activities:		
Purchase of equipment and software	<u>(1,625)</u>	<u>(21,710)</u>
Net cash used by investing activities	<u>(1,625)</u>	<u>(21,710)</u>
Net increase in cash	37,266	8,022
Cash, beginning of year	<u>162,421</u>	<u>154,399</u>
Cash, end of year	<u><u>\$ 199,687</u></u>	<u><u>\$ 162,421</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, 2007 AND 2006**

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 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 four primary classes of program expenses. These classes include base building – strengthening of other immigrant led organizations, grassroots policy change – promoting civic integration of immigrants and refugees, defense of civil rights and civil liberties – protecting the freedoms of immigrants and refugees, and public awareness – increasing the public awareness of contributions made by immigrants and refugees and the realities of the U.S.' immigration system.

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.

Cash

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

Contributions

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

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

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

During the year ended December 31, 2007 one contributor constituted 40% of total revenue. During the year ended December 31, 2006 one contributor constituted 23% and another constituted 17% of total revenue.

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.

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.

Equipment and Software

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

Allocation of Functional Expense

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

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.

NOTE 2 - GRANTS RECEIVABLE

Unconditional promises to give and conditional promises to give for which all conditions have been met at December 31, 2007 and 2006 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.

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 3 - SOFTWARE AND EQUIPMENT

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

	2007	2006
Software	\$ 1,766	\$ 1,541
Equipment	<u>26,102</u>	<u>24,702</u>
	27,868	26,243
Less accumulated depreciation	<u>(10,890)</u>	<u>(5,624)</u>
Net software and equipment	<u>\$ 16,978</u>	<u>\$ 20,619</u>

Depreciation expense for the years ended December 31, 2007 and 2006 was \$5,266 and \$4,030, respectively.

NOTE 4 - BOARD DESIGNATED NET ASSETS

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

NOTE 5 - RESTRICTIONS ON NET ASSETS

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

	2007	2006
Grants receivable – time restriction	\$ 147,500	\$ 62,385
Immediate needs	-	15,000
Strategic planning/ capacity building	<u>50,000</u>	<u>13,500</u>
	<u>\$ 197,500</u>	<u>\$ 90,885</u>

There were no permanently restricted net assets as of December 31, 2007 and 2006.

NOTE 6 - LEASES

In January 2006, the Organization became obligated under a real property lease for its primary office in Nashville. The lease is to expire December 31, 2008. Rent expense was \$ 22,159 and \$11,143 for the years ended December 31, 2007 and 2006.