

**TENNESSEE IMMIGRANT AND
REFUGEE RIGHTS COALITION**

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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Independent Auditor's Report

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, the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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.

Auditor's 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 auditor's 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 the Organization as of December 31, 2019 and 2018, 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.

Blankenship CPA Group, PLLC
Brentwood, Tennessee
November 10, 2020

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
Assets		
Cash	\$ 764,952	\$ 735,281
Restricted cash	1,202,838	-
Grants receivable, net	684,587	789,319
Other receivables	29,711	21,972
Property and equipment, net	391,550	329,431
Other assets	1,931	1,931
Total assets	<u>\$ 3,075,569</u>	<u>\$ 1,877,934</u>
Liabilities		
Accounts payable	\$ 15,663	\$ 43,757
Accrued payroll	70,349	51,125
Note payable, net	285,286	276,886
Total liabilities	<u>371,298</u>	<u>371,768</u>
Net assets		
Without donor restrictions	639,532	582,733
With donor restrictions	2,064,739	923,433
Total net assets	<u>2,704,271</u>	<u>1,506,166</u>
Total liabilities and net assets	<u>\$ 3,075,569</u>	<u>\$ 1,877,934</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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Grants	\$ 1,037,247	\$ 380,295	\$ 1,417,542
Contributions	441,290	1,202,838	1,644,128
Special events	71,360	-	71,360
Other revenues	43,833	-	43,833
Membership dues	16,519	-	16,519
Net assets released from restrictions	441,827	(441,827)	-
Total revenue and other support	<u>2,052,076</u>	<u>1,141,306</u>	<u>3,193,382</u>
Expenses:			
Program services:			
Community organizing	435,227	-	435,227
Advocacy & education	616,982	-	616,982
Integration services	653,430	-	653,430
Supporting services:			
Administrative	157,004	-	157,004
Fundraising	132,634	-	132,634
Total expenses	<u>1,995,277</u>	<u>-</u>	<u>1,995,277</u>
Change in net assets	56,799	1,141,306	1,198,105
Net assets, beginning of year	582,733	923,433	1,506,166
Net assets, end of year	<u>\$ 639,532</u>	<u>\$ 2,064,739</u>	<u>\$ 2,704,271</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, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Grants	\$ 1,190,641	\$ 893,433	\$ 2,084,074
Contributions	209,805	-	209,805
Special events	81,387	-	81,387
Other revenues	26,205	-	26,205
Membership dues	24,290	-	24,290
Net assets released from restrictions	<u>352,522</u>	<u>(352,522)</u>	<u>-</u>
Total revenue and other support	<u>1,884,850</u>	<u>540,911</u>	<u>2,425,761</u>
Expenses:			
Program services:			
Community organizing	595,684	-	595,684
Advocacy & education	558,253	-	558,253
Integration services	421,181	-	421,181
Supporting services:			
Administrative	149,032	-	149,032
Fundraising	<u>116,327</u>	<u>-</u>	<u>116,327</u>
Total expenses	<u>1,840,477</u>	<u>-</u>	<u>1,840,477</u>
Change in net assets	44,373	540,911	585,284
Net assets, beginning of year	<u>538,360</u>	<u>382,522</u>	<u>920,882</u>
Net assets, end of year	<u><u>\$ 582,733</u></u>	<u><u>\$ 923,433</u></u>	<u><u>\$ 1,506,166</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, 2019

	Program Services		Supporting Services		
	Community Organizing	Advocacy & Education	Integration Services	Administrative	Fundraising
Salaries and benefits	\$ 263,812	\$ 408,909	\$ 435,290	\$ 105,524	\$ 105,525
Travel and events	23,469	19,068	21,269	3,667	5,867
Miscellaneous	19,143	26,105	26,975	10,441	4,351
Occupancy expense	8,643	12,965	13,829	4,322	3,457
Other personnel	1,435	2,153	2,296	718	574
Non-personnel expense	21,045	31,067	33,071	10,022	5,011
Grant and contract expense	93,717	111,072	114,543	20,826	6,942
Depreciation	305	489	504	153	76
Business expense	3,658	5,154	5,653	1,331	831
	<u>\$ 435,227</u>	<u>\$ 616,982</u>	<u>\$ 653,430</u>	<u>\$ 157,004</u>	<u>\$ 132,634</u>
					<u>\$ 1,995,277</u>

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

	Program Services			Supporting Services		Total
	Community Organizing	Advocacy & Education	Integration Services	Administrative	Fundraising	
Salaries and benefits	\$ 326,004	\$ 306,247	\$ 197,578	\$ 79,032	\$ 79,031	\$ 987,892
Travel and events	34,629	31,047	38,211	5,970	9,553	119,410
Miscellaneous	20,225	19,573	14,353	7,830	3,262	65,243
Occupancy expense	11,898	11,154	7,436	3,718	2,974	37,180
Other personnel	3,888	3,645	2,430	1,215	972	12,150
Non-personnel expense	28,722	26,981	18,278	8,704	4,352	87,037
Grant and contract expense	166,327	155,931	140,338	41,582	15,593	519,771
Depreciation	618	600	375	187	94	1,874
Business expense	3,373	3,075	2,182	794	496	9,920
	\$ 595,684	\$ 558,253	\$ 421,181	\$ 149,032	\$ 116,327	\$ 1,840,477

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TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 1,198,105	\$ 585,284
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,527	1,874
Amortization of imputed interest	8,400	2,800
Imputed interest	-	(25,914)
Contributions restricted for long term asset	(1,202,838)	-
Change in operating assets and liabilities:		
Grants receivable, net	104,732	(454,797)
Other receivables	(7,739)	(4,561)
Accounts payable	(28,094)	18,281
Accrued payroll	19,224	21,673
Accrued leave	-	(7,406)
Net cash (used) provided by operating activities	<u>93,317</u>	<u>137,234</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(63,646)</u>	<u>(26,007)</u>
Net cash (used) provided by investing activities	<u>(63,646)</u>	<u>(26,007)</u>
Cash flows from financing activities:		
Contributions restricted for long term asset	<u>1,202,838</u>	<u>-</u>
Net cash (used) provided by financing activities	<u>1,202,838</u>	<u>-</u>
Net change in cash	1,232,509	111,227
Total cash, beginning of year	<u>735,281</u>	<u>624,054</u>
Total cash, end of year	<u><u>\$ 1,967,790</u></u>	<u><u>\$ 735,281</u></u>
Cash consists of the following amounts at December 31:		
Cash	\$ 764,952	\$ 735,281
Restricted cash	<u>1,202,838</u>	<u>-</u>
	<u><u>\$ 1,967,790</u></u>	<u><u>\$ 735,281</u></u>
Supplemental disclosures of cash flow information:		
Cash payments for interest	<u><u>\$ 7,475</u></u>	<u><u>\$ 5,144</u></u>
Supplemental schedule of noncash investing and financing activities:		
Debt incurred for the purchase of property	<u><u>\$ -</u></u>	<u><u>\$ 300,000</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, 2019 AND 2018

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 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, 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 U.S. 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.

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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Grants and Other Receivables

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.

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.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 1 - Summary of Significant Accounting Policies

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

On January 1, 2019, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, ASC 606), which supersedes most existing revenue recognition guidance and outlines a single comprehensive standard for revenue recognition across all industries. ASC 606 requires revenue to be recognized in an amount that reflects the consideration the entity expects to be entitled in an exchange of goods or services. The Organization performed an analysis of revenue streams and transitions to determine in-scope applicability. The adoption of ASC 606 did not materially impact the financial statements and related disclosures.

On January 1, 2019, the Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The adoption of this ASU resulted in the treatment of most governmental grants as donor-restricted conditional contributions rather than exchange transactions. The new standard also clarified the criteria for evaluating whether contributions are unconditional or conditional. The adoption of this ASU did not materially impact the financial statements and related disclosures.

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. Contributions received with donor imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

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 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.

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.

Advertising

All advertising costs are expensed when incurred.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 1 - Summary of Significant Accounting Policies

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, 2019 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 2016.

Note 2 - Availability and Liquidity

The following represents the Organization's financial assets at December 31:

	2019	2018
Financial assets at year end:		
Cash	\$ 764,952	\$ 735,281
Restricted cash	1,202,838	-
Grants receivable, net	684,587	789,319
Other receivables	<u>29,711</u>	<u>21,972</u>
Total financial assets at year end	2,682,088	1,546,572
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(2,064,739)	(923,433)
Amounts restricted for operational use in next year	<u>545,900</u>	<u>462,700</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,163,249</u>	<u>\$ 1,085,839</u>

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 at December 31:

	2019	2018
Restricted to future periods	\$ 724,900	\$ 843,300
Less unamortized discount	<u>(40,313)</u>	<u>(53,981)</u>
	<u>\$ 684,587</u>	<u>\$ 789,319</u>
Amounts due in:		
Less than one year	\$ 374,900	\$ 343,300
One to five years	<u>350,000</u>	<u>500,000</u>
	<u>\$ 724,900</u>	<u>\$ 843,300</u>

Discount rates were 4.75% and 5.00% for the years ended December 31, 2019 and 2018, respectively.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 4 - Property and Equipment

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

	2019	2018
Equipment	\$ 16,811	\$ 16,811
Software	3,305	3,305
Construction in progress	63,646	-
Land	<u>326,007</u>	<u>326,007</u>
	409,769	346,123
Less accumulated depreciation	<u>(18,219)</u>	<u>(16,692)</u>
	<u><u>\$ 391,550</u></u>	<u><u>\$ 329,431</u></u>

Note 5 - Note Payable

The Organization has a \$300,000 note payable to a financing company that was originated in September 2018 and matures in October 2021. The note is secured by a deed of trust, and is payable in monthly interest only payments with all unpaid principal and interest due at maturity. The outstanding balance accrues interest at a fixed interest rate of 2.48%. This note has been recorded net of an unamortized discount of \$23,114 imputed at the rate of 5.00%. The total remaining unamortized discount totaled \$14,714 and \$23,114 for the years ended December 31, 2019 and 2018, respectively.

Note 6 - Net Assets

Net assets with donor restrictions were as follows at December 31:

	2019	2018
Amounts restricted to future periods	\$ 861,901	\$ 923,433
Amounts restricted for construction of new office building	<u>1,202,838</u>	-
	<u><u>\$ 2,064,739</u></u>	<u><u>\$ 923,433</u></u>

Note 7 - Leases

The Organization leases its facilities under an operating lease which expires in September 2019. Upon expiration the lease will continue on a month to month basis. Rent expense was \$35,735 and \$31,337 for the years ended December 31, 2019 and 2018, respectively.

The Organization also leases office equipment and a vehicle under operating leases which expire in July 2020 and April 2022, respectively.

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

Year ending December 31:	
2020	\$ 7,729
2021	4,128
2022	<u>1,032</u>
	<u><u>\$ 12,889</u></u>

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 8 - Questioned Costs

Questioned costs are those amounts charged to a funded program that may not be in compliance with requirements set forth in contracts, statutes, and regulations governing permissibility 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, 2019 and 2018, 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 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, 2019 and 2018, the Organization had deposits in excess of the federally insured limit totaling approximately \$1,692,000 and \$476,000, 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 - 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 \$65,580 and \$146,423 as reimbursements for expenses paid for on behalf of the related party under the cost sharing agreement during the years ended December 31, 2019 and 2018, respectively.

The Organization also issued grants in the amount of \$100,000 and \$197,000 to the related party during the years ended December 31, 2019 and 2018, respectively.

Note 11 - Subsequent Events

The Organization has evaluated subsequent events through November 10, 2020, the date which the financial statements were available to be issued.

On March 11, 2020, the World Health Institute recognized the novel strain of coronavirus, COVID-19, as a pandemic. The extent of COVID-19’s effect on the Organization’s operational and financial performance will depend on future developments, including the duration, spread, and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. If the pandemic continues to evolve into a long-term worldwide health crisis, the disease could have an adverse effect on the Organization’s, results of operations, financial condition, and cash flows.

On April 17, 2020, the Organization received a loan in the amount of \$230,200 in accordance with the PPP section of the CARES Act. Under this loan program, the Organization may be eligible for forgiveness of some portion of the loan up to 100%, if and when qualifying conditions are met. Accounting for the loan and any future forgiveness could have an impact on future financial reporting. As of the report date, management is actively monitoring qualifying conditions to maximize future loan forgiveness and has expended 100% on potential qualifying costs as defined by the legislation. The unsecured note bears interest at the rate of 1.00% and matures on April 17, 2022. As long as the Organization submits its loan forgiveness application within 10 months of the end of the covered period, the Organization will not be required to make any payments on the loan until the forgiveness amount is remitted to the lender by the U.S. Small Business Administration (SBA). If the loan is fully forgiven, the Organization will not be responsible for any payments.