

***Nashville International Center
for Empowerment, Inc.***

(A Nonprofit Corporation)

Financial Statements

With Independent Auditors' Report Thereon

FOR THE YEAR ENDED DECEMBER 31, 2016

H A Beasley & Company, PLLC
Certified Public Accountants
Murfreesboro, Tennessee

Nashville International Center for Empowerment, Inc.

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**H A Beasley
& Company, PLLC**

Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
Nashville International Center for Empowerment, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Nashville International Center for Empowerment, Inc., which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with 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. 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 Nashville International Center for Empowerment, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. Such information is the responsibility of management and was

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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 auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards 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 May 1, 2017 on our consideration of Nashville International Center for Empowerment, Inc.'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 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 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 Nashville International Center for Empowerment, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "H A Beasley & Company PLLC". The signature is written in a cursive, flowing style.

H A Beasley & Company, PLLC
May 1, 2017

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

CURRENT ASSETS	
Cash and equivalents	\$ 313,554
Grants receivable	170,827
Other receivables	1,981
Prepaid expenses	<u>12,047</u>
Total current assets	498,409
 PROPERTY AND EQUIPMENT, NET	 <u>22,615</u>
 TOTAL ASSETS	 <u><u>\$ 521,024</u></u>
 CURRENT LIABILITIES	
Payroll and related cost accrual	\$ 32,790
Resettlement and placement liabilities	55,619
Other accrued liabilities	<u>2,754</u>
Total current liabilities	91,163
 NET ASSETS	
Unrestricted	359,898
Temporarily restricted	<u>69,963</u>
Total net assets	<u>429,861</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 521,024</u></u>

See accompanying notes to financial statements and independent auditors' report.

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Totals
REVENUE AND OTHER SUPPORT			
Grants and donations	\$ 1,560,425	\$ 186,337	\$ 1,746,762
Program fees	55,650	-	55,650
Special events, net expenses	18,762	-	18,762
	1,634,837	186,337	1,821,174
Net assets released from restrictions	171,141	(171,141)	-
Total revenue and other support	1,805,978	15,196	1,821,174
EXPENSES			
Program services	1,562,774	-	1,562,774
Supporting services			
Management and general	115,779	-	115,779
Fundraising	77,820	-	77,820
Total expenses	1,756,373	-	1,756,373
OTHER INCOME			
Other income	4,235	-	4,235
Gain on disposal of property and equipment	1,109	-	1,109
Total other income	5,344	-	5,344
INCREASE IN NET ASSETS	54,949	15,196	70,145
NET ASSETS AT BEGINNING OF YEAR	304,949	54,767	359,716
NET ASSETS AT END OF YEAR	\$ 359,898	\$ 69,963	\$ 429,861

See accompanying notes to financial statements and independent auditors' report.

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 70,145
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	7,697
Gain on disposal of equipment	(1,109)
In-kind contributions	(1,500)
(Increase) decrease in operating assets:	
Grants receivable	102,842
Other receivables	643
Prepaid expenses	(2,780)
Increase (decrease) in operating liabilities:	
Checks written in excess of deposits	(412)
Payroll and related cost accrual	3,711
Resettlement and placement liabilities	22,516
Other accrued liabilities	907
Deferred revenue	<u>(65,060)</u>
Net cash provided by operating activities	137,600

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of equipment	2,978
Purchases of equipment	<u>(9,219)</u>
Net cash used by investing activities	<u>(6,241)</u>

Net increase in cash and equivalents	131,359
Cash and equivalents at the beginning of the year	<u>182,195</u>
Cash and equivalents at the end of the year	<u>\$ 313,554</u>

See accompanying notes to financial statements and independent auditors' report.

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

		Supporting Services		
	Program Services	Management & General	Fund- raising	Totals
Compensation and related expenses				
Wages	\$ 747,176	\$ 61,774	\$ 61,482	\$ 870,432
Payroll taxes	59,739	4,939	4,916	69,594
Employee benefits	<u>20,098</u>	<u>1,662</u>	<u>1,654</u>	<u>23,414</u>
Total compensation and related expenses	827,013	68,375	68,052	963,440
Resettlement and placement costs	454,432	-	-	454,432
Depreciation	6,607	546	544	7,697
Rent	47,066	3,892	3,872	54,830
Travel	52,973	427	425	53,825
Professional services	103,569	37,588	-	141,157
Supplies	19,078	1,577	1,570	22,225
Miscellaneous	12,055	935	931	13,921
Books and reference materials	6,555	-	-	6,555
Advertising	858	71	71	1,000
Other miscellaneous service costs	3,237	3	3	3,243
Telephone and internet	3,284	272	270	3,826
Janitorial services	3,225	267	265	3,757
Subscriptions	515	43	42	600
Printing & postage	2,991	247	246	3,484
Bank charges	901	74	74	1,049
Insurance	16,206	1,340	1,333	18,879
Training	729	-	-	729
Licenses, fees and penalties	<u>1,480</u>	<u>122</u>	<u>122</u>	<u>1,724</u>
Totals	<u>\$1,562,774</u>	<u>\$ 115,779</u>	<u>\$ 77,820</u>	<u>\$ 1,756,373</u>

See accompanying notes to financial statements and independent auditors' report.

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A—NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Nashville International Center for Empowerment, Inc. (the “Organization” and “NICE”) is a Tennessee not-for-profit corporation dedicated to empowering refugees and immigrants who have resettled in Middle Tennessee. NICE does this by providing direct social services and educational programs in the following areas:

- Adult education – NICE provides classes in the English language, citizenship and GED preparation.
- Career development – NICE provides assistance with resume writing, area job identification, vocational training, application writing, and referral services.
- Social adjustment - NICE provides immigration assistance, interpretation, referral services, and consultation services.
- Emergency services - NICE provides provision of food, clothing and shelter, as well as referrals to legal and family support services.
- Youth development - NICE provides one-on-one tutoring, leadership development, civic engagement, career and educational preparedness, and sports and musical experiences.
- Health and nutrition services - NICE provides classes and seminars on nutrition, disease prevention, child development, mental health, and healthy lifestyles.
- Resettlement and placement – NICE entered into an agreement in 2011 to assist with the resettlement and placement of refugees in the Middle Tennessee area under a U.S. Government grant administered by the Ethiopian Community Development Council.

Accrual Basis

The financial statements of the Organization have been prepared on the accrual basis.

Basis of Presentation

The Organization presents its financial statements in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, *Financial Statements of Not-for-Profit Organizations*. Accordingly, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

The Organization’s net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization.

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

**NOTE A—NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Basis of Presentation (continued)

Temporarily restricted net assets consist of donor restricted contributions and grants. Amounts restricted by donors for specific purposes are deemed to be earned and reported as temporarily restricted revenue, when received and such unexpected amounts are reported as temporarily restricted net assets at year-end. When the donor restriction expires, that is, when a stipulated time 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 restrictions”.

Permanently restricted net assets consist of donor restricted contributions, which are required to be held in perpetuity. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations. The Organization had no permanently restricted net assets at December 31, 2016.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue or other support and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Cash and Equivalents

Cash and equivalents include cash on hand and short-term investments with original maturities of three months or less.

Grants Receivable

Grant reimbursement requests have been recorded as grants receivable. The grant receivable is recorded when the expense for reimbursement has been incurred. Each grant agreement defines when a particular grant is considered past due which range from 30 to 60 days from the invoice date. The Organization does not charge interest or a finance charge on past due grant receivable accounts. The Organization estimates an allowance for doubtful grants receivable based upon historical trends, contractual obligations and ability to pay. Generally the Organization does not require collateral or other security to support the grants receivable. As of December 31, 2016, management estimated the allowance for doubtful grants receivable to be \$-0-.

Property and Equipment, Net

The Organization capitalizes all property and equipment expenditures with a cost of \$500 or more having estimated useful lives of more than one year. Property and equipment is capitalized at cost or, for donated items, at fair value as of the date received. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

**NOTE A—NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Property and Equipment, Net (continued)

When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the statement of activities for the respective period.

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets ranging from 3-5 years.

Contributions and Grants

Contributions are recognized as revenue when received or unconditionally pledged. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Deferred Revenue

The Organization records payments received before year end that are for services to be performed in the following year as deferred revenue in the statement of financial position. As of December 31, 2016 there was no deferred revenue.

Functional Expenses

The Organization has multiple programs that are established to empower refugees and immigrants. Presentation of operating expenses includes program costs directly incurred for the program activities and supporting expense activity classifications.

Income Taxes

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. As such, the Organization is not taxed on income derived from its exempt functions. However, the Organization is subject to tax on unrelated business income. The Organization did not have any unrelated business income during the year ended December 31, 2016.

With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2013, and to state tax authorities for years before 2011.

The Organization has evaluated its tax positions for all open tax years. Based on the evaluation of the Organization tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain positions has been recorded for the year ended December 31, 2016.

Advertising

The Organization expenses the cost of non-direct responsive advertising costs as incurred. For the year ended December 31, 2016, advertising costs totaled \$1,000.

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE B —PROPERTY AND EQUIPMENT, NET

Property and equipment, net are composed of the following as of December 31, 2016:

Computers and peripherals	\$ 82,975
Furniture and fixtures	4,309
Vehicles	<u>9,046</u>
Total	96,330
Less: Accumulated depreciation	<u>(73,715)</u>
Total property and equipment, net	<u><u>\$ 22,615</u></u>

For the year ended December 31, 2016, depreciation totaled \$7,697.

NOTE C – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of December 31, 2016:

Health education	\$ 41
Housing assistance	50,000
Adult education	111
Youth	<u>19,811</u>
Total temporarily restricted net assets	<u><u>\$ 69,963</u></u>

NOTE D – IN-KIND DONATIONS

The Organization has received non-cash contributions that are “in-kind” donations that, for the year ended December 31, 2016, consist of rent of \$6,000 on an apartment which is utilized for holding various classes for refugees and professional information technology services valued at \$3,199. The Organization also received a vehicle, which has been excluded from the statement of cash flows, with an estimated fair value of \$1,500 that is currently being utilized in daily operations. Volunteers also provided their time to assist with the various programs of the Organization. While those volunteer hours are captured as a requirement for one of the grants received and monetary values are placed on the volunteer services, they have not been recorded as revenue in the financial statements.

NOTE E – OPERATING LEASES

The Organization leases office space with monthly payments of \$2,960 maturing on December 14, 2018.

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE E – OPERATING LEASES (CONTINUED)

The Organization leases classroom space on a month-to-month basis with monthly payments of \$50. The Organization also incurred additional expense for this space for changes made totaling \$7,500. This additional expense was amortized over the lease in the amount of \$500 per month. The facility will be used for various classes for the refugees.

During the year ended December 31, 2016, the Organization entered into an agreement to lease classroom space for \$300 per month through May 2017.

Rent expense totaled \$54,830 during the year ending December 31, 2016.

The Organization's future minimum lease payments under operating leases total \$37,020 and \$34,040 for the years ending December 31, 2017 and 2018, respectively.

NOTE F – RISKS, UNCERTAINTIES AND CONTINGENCIES

The Organization may be subject in the future to credit risk to its cash and equivalents accounts, which are placed with high credit-quality financial institutions. The Federal Deposit Insurance Corporation ("FDIC") offers coverage up to \$250,000 for substantially all depository accounts. As of December 31, 2016, the Organization had \$72,489 in funds over the FDIC limit.

During the year ended December 31, 2016 the Organization received \$849,773 or 46% of its revenue and support from government grants through the Ethiopian Community Development Council, Inc. While not anticipated, the loss of this source of revenue could impact the operations of the Organization. The expenses that would be incurred by the Organization to serve the refugees covered by this granting agency would also decrease.

NOTE G – RELATED PARTY

Two relatives of one of the employees provided child care services to refugees attending various classes offered by the Organization and were compensated a total of \$6,281 during the year ended December 31, 2016. A relative of another employee provided various services to the company including providing transportation to refugees and setting up apartments for refugees before they arrived in the United States and was compensated \$5,152 during the year ended December 31, 2016.

NOTE H – SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 1, 2017, which is the date the financial statements were available to be issued. Due to the current political situation in the United States and the executive orders implemented, it is anticipated that the number of refugees that are going to be allowed into the United States during 2017 will be reduced by over 50%. The Organization is making contingency plans to address the effects of the executive order on their operations as a large portion of the funds they receive are directly tied to the number of refugees they receive and assist. The Organization has not identified any amounts that should be included in the financial statements as of December 31, 2016.

SUPPLEMENTARY INFORMATION



**H A Beasley
& Company, PLLC**

Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
Nashville International Center for Empowerment, Inc.

Report on Compliance for Each Major Federal Program

We have audited Nashville International Center for Empowerment, Inc.'s compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Nashville International Center for Empowerment, Inc.'s major federal programs for the year ended December 31, 2016. Nashville International Center for Empowerment, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Nashville International Center for Empowerment, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Nashville International Center for Empowerment, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Nashville International Center for Empowerment, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Nashville International Center for Empowerment, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

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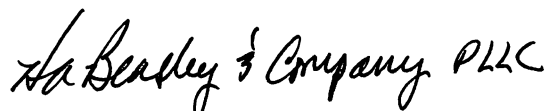
Report on Internal Control over Compliance

Management of Nashville International Center for Empowerment, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Nashville International Center for Empowerment, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Nashville International Center for Empowerment, Inc.'s internal control over compliance.

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 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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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.



H A Beasley & Company, PLLC
May 1, 2017

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

<i>CFDA Number or Cluster</i>	<i>Awarding Federal Agency</i>	<i>Pass-Through Entity Name (if applicable)</i>	<i>Pass-Through Entity Award Number (if applicable)</i>	<i>Name or Description of Program</i>	<i>Amount Expended in Audit Period</i>
93.566	US Department of Health & Human Services, Office of Administration for Children and Families, Office of Refugee Resettlement	Catholic Charities of Tennessee through Tennessee Office for Refugees	N/A	Refugee Social Services Program	\$ 110,123
93.566	US Department of Health & Human Services, Office of Administration for Children and Families, Office of Refugee Resettlement	Catholic Charities of Tennessee through Tennessee Office for Refugees	N/A	Elders component of Refugee Social Services Program	\$ 7,137
93.576	US Department of Health & Human Services, Office of Administration for Children and Families, Office of Refugee Resettlement	Catholic Charities of Tennessee through Tennessee Office for Refugees	N/A	Refugee School Impact Program	\$ 13,694
93.584	US Department of Health & Human Services, Office of Administration for Children and Families, Office of Refugee Resettlement	Catholic Charities of Tennessee through Tennessee Office for Refugees	N/A	Targeted Assistance Program	\$ 109,839
93.583	US Department of Health & Human Services, Office of Administration for Children and Families, Office of Refugee Resettlement	Catholic Charities of Tennessee through Tennessee Office for Refugees	N/A	Refugee Cash Assistance and Refugee Medical Assistance Programs	\$ 61,245
93.583	US Department of Health & Human Services, Office of Administration for Children and Families, Office of Refugee Resettlement	Catholic Charities of Tennessee through Tennessee Office for Refugees	N/A	Wilson/Fish coordination and services to refugee populations with special needs (Intensive Case Management for Special Needs Populations Program)	\$ 42,464

See accompanying notes to financial statements and independent auditors' report.

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

<i>CFDA Number or Cluster</i>	<i>Awarding Federal Agency</i>	<i>Pass-Through Entity Name (if applicable)</i>	<i>Pass-Through Entity Award Number (if applicable)</i>	<i>Name or Description of Program</i>	<i>Amount Expended in Audit Period</i>
93.576	US Department of Health & Human Services, Office of Administration for Children and Families, Office of Refugee Resettlement	Catholic Charities of Tennessee through Tennessee Office for Refugees	N/A	Refugee Integration Support and Empowerment in Middle Tennessee	\$ 103,253
93.567	US Department of Health & Human Services, Office of Administration for Children and Families, Office of Refugee Resettlement	Ethiopian Community Development Council	90RV-0068-02 and 90RV-0068-03	Match Grant	\$ 117,962
93.U01	US Department of Health & Human Services, Office of Administration for Children and Families, Office of Refugee Resettlement	Ethiopian Community Development Council	90RP-0104/03 and 90RF0114-01	Preferred Communities Grant	\$ 52,682
19.018	Department of State, Bureau of Population, Refugees and Migration	Ethiopian Community Development Council	SPRMCO16CA1004 and SPRMCO17CA1011	Resettlement and Placement	\$ 622,660

SIGNIFICANT ACCOUNTING POLICES

The amounts expended during the reporting period were determined on the cash basis.

The election to use the 10% de minimis indirect cost rate has not been made for the above grants.

Donated property is considered received when made available for use by the donor.

See accompanying notes to financial statements and independent auditors' report.

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(UNIFORM GUIDANCE)

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<u> X </u> Yes	<u> </u> No
Significant deficiencies identified?	<u> X </u> Yes	<u> </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified?	<u> </u> Yes	<u> X </u> None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u> Yes	<u> X </u> No
Identification of major federal programs:		
CFDA Number(s)	19.018	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;">Name of federal program or cluster</div> <div style="width: 45%;">Resettlement and Placement</div> </div>
Dollar threshold used to distinguish between type A and type B programs:	\$750,000	
Auditee qualified as a low-risk auditee?	<u> </u> Yes	<u> X </u> No

Section II: Financial Statement Findings

The following deficiencies were identified as material weaknesses in the audit of the financial statements of Nashville International Center for Empowerment, Inc. for the year ended December 31, 2016:

Finding 2016-001

- Certain adjusting journal entries were identified and proposed to management, and subsequently posted by management that were required for the financial statements to be fairly presented. These adjustments were noted when performing substantive procedures related to the financial statements. Reconciliation processes did not identify the accounts that needed to be adjusted as follows:
 - An entry to correctly record net assets as of December 31, 2015 was instead booked as of January 1, 2016 causing income to be overstated and beginning net assets to be understated.
 - An adjustment was required to correctly record the current year activity in equipment and the related accumulated depreciation, depreciation expense, and gain on the disposal of equipment.
 - An adjustment was required to record certain in-kind gifts received during the year that totaled \$10,688.

Responsible Officials Response: The entry of all year-end adjustments is followed by a complete reconciliation to the Auditor's Adjusted Trial Balance thereby preventing any errors of this type going forward. In addition, recurring entries have been created to keep depreciation and in-kind donations up to date for all future periods.

The following deficiencies were identified as significant deficiencies in the audit of the financial statements of Nashville International Center for Empowerment, Inc. for the year ended December 31, 2016:

Finding 2016-002

- Deficiencies in the approval process for the following types of disbursements were noted during documentation of controls during the planning of the audit:
 - The process of approving certain disbursements to contractors who provided services mainly as teachers for different classes for the refugees, while within the Organization's policy for the approval of the expenditure, they were not approved by the program head who had more detailed knowledge of the services provided. The Organization should have those with knowledge of the actual services provided approve the invoices first before they are presented to the finance department for payment.
 - The president should approve the supporting documentation for disbursements over \$1,000.

Responsible Officials Response: All invoices for services delivered by contract providers are sent for approval first to their immediate supervisor and upon signature are then processed for payment by finance. In addition, when disbursements of over \$1,000 are involved, either the invoice or the request for payment (if used) will also go to the President for approval prior to payment when a check is to be written. For recurring payments (i.e. insurance premiums) this approval will be done on the annual contract renewal statement.

Finding 2016-003

- A signed record of any salary adjustments is not maintained in the employees' personnel files. This could result in an incorrect pay rate being used for compensation. This was identified during documentation of controls during the planning of the audit.

Responsible Officials Response: A new process was implemented early this year to have job changes documented, signed and placed in the employees' files.

No instances of fraud and noncompliance with laws and regulations were identified.

No violations of provisions of contracts or grant agreements and abuse that could have a material effect on the financial statements were identified.