

Tennessee Immigrant and Refugee Rights Coalition

Financial Statements
For the Years Ended December 31, 2020 and 2019

Tennessee Immigrant and Refugee Rights Coalition
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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, the Organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 Tennessee Immigrant and Refugee Rights Coalition as of December 31, 2020 and 2019, 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

Blankenship CPA Group, PLLC
Brentwood, Tennessee
November 8, 2021

Tennessee Immigrant and Refugee Rights Coalition

Statements of Financial Position

December 31, 2020 and 2019

	2020	2019
Assets		
Cash	\$ 738,220	\$ 764,952
Restricted cash	175,716	1,202,838
Grants receivable, net	1,087,116	684,587
Other receivables	38,436	-
Related party receivable	32,202	29,711
Property and equipment, net	1,638,786	391,550
Other assets	1,931	1,931
Total assets	\$ 3,712,407	\$ 3,075,569
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 11,485	\$ 15,663
Accrued payroll	33,265	70,349
Note payable, net	-	285,286
Total liabilities	44,750	371,298
Net assets		
Without donor restrictions	2,062,646	639,532
With donor restrictions	1,605,011	2,064,739
Total net assets	3,667,657	2,704,271
Total liabilities and net assets	\$ 3,712,407	\$ 3,075,569

Tennessee Immigrant and Refugee Rights Coalition

Statement of Activities

For the Year Ended December 31, 2020

	Without donor restrictions	With donor restrictions	Total
Revenues and Other Support			
Grants	\$ 1,525,903	\$ 844,818	\$ 2,370,721
Contributions	711,360	414,895	1,126,255
Special events	32,737	-	32,737
Other revenues	34,913	-	34,913
Membership dues	2,895	-	2,895
Net assets released from restrictions	<u>1,719,441</u>	<u>(1,719,441)</u>	<u>-</u>
Total revenues and other support	4,027,249	(459,728)	3,567,521
Expenses			
Program services			
Community organizing	516,473	-	516,473
Advocacy and education	727,452	-	727,452
Integration services	1,036,359	-	1,036,359
Supporting services			
Administrative	180,982	-	180,982
Fundraising	<u>142,869</u>	<u>-</u>	<u>142,869</u>
Total expenses	2,604,135	-	2,604,135
Change in net assets	1,423,114	(459,728)	963,386
Net assets, beginning of year	<u>639,532</u>	<u>2,064,739</u>	<u>2,704,271</u>
Net assets, end of year	\$ 2,062,646	\$ 1,605,011	\$ 3,667,657

Tennessee Immigrant and Refugee Rights Coalition

Statement of Activities

For the Year Ended December 31, 2019

	Without donor restrictions	With donor restrictions	Total
Revenues 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	<u>441,827</u>	<u>(441,827)</u>	<u>-</u>
Total revenues and other support	2,052,076	1,141,306	3,193,382
Expenses			
Program services			
Community organizing	435,228	-	435,228
Advocacy and education	616,982	-	616,982
Integration services	653,430	-	653,430
Supporting services			
Administrative	157,003	-	157,003
Fundraising	<u>132,634</u>	<u>-</u>	<u>132,634</u>
Total expenses	1,995,277	-	1,995,277
Change in net assets	56,799	1,141,306	1,198,105
Net assets, beginning of year	<u>582,733</u>	<u>923,433</u>	<u>1,506,166</u>
Net assets, end of year	\$ 639,532	\$ 2,064,739	\$ 2,704,271

Tennessee Immigrant and Refugee Rights Coalition

Statement of Functional Expenses For the Year Ended December 31, 2020

	Program services			Supporting services		
	Community organizing	Advocacy and education	Integration services	Administrative	Fundraising	Total
Salaries and benefits	\$ 277,081	\$ 429,476	\$ 457,184	\$ 110,833	\$ 110,833	\$ 1,385,407
Business expense	9,111	12,838	14,081	3,313	2,071	41,414
Depreciation	193	308	318	96	48	963
Direct Assistance	-	-	268,545	-	-	268,545
Grants	165,873	196,590	202,733	36,860	12,287	614,343
Information technology	10,198	13,907	14,370	5,563	2,318	46,356
Interest	3,914	5,337	5,515	2,134	889	17,789
Occupancy	8,026	12,040	12,842	4,013	3,211	40,132
Professional services	23,349	34,468	36,691	11,119	5,559	111,186
Marketing	7,123	10,685	11,397	3,562	2,849	35,616
Miscellaneous	4,305	5,871	6,067	2,348	979	19,570
Travel and events	7,300	5,932	6,616	1,141	1,825	22,814
	\$ 516,473	\$ 727,452	\$ 1,036,359	\$ 180,982	\$ 142,869	\$ 2,604,135

Tennessee Immigrant and Refugee Rights Coalition

Statement of Functional Expenses For the Year Ended December 31, 2019

	Program services			Supporting services		
	Community organizing	Advocacy and education	Integration services	Administrative	Fundraising	Total
Salaries and benefits	\$ 263,812	\$ 408,909	\$ 435,290	\$ 105,524	\$ 105,525	\$ 1,319,060
Business expense	3,658	5,154	5,653	1,331	831	16,627
Depreciation	305	489	504	153	76	1,527
Grants	93,717	111,072	114,543	20,826	6,942	347,100
Information technology	7,704	10,506	10,856	4,202	1,751	35,019
Interest	3,493	4,763	4,921	1,904	794	15,875
Occupancy	8,643	12,965	13,829	4,322	3,457	43,216
Professional services	21,045	31,067	33,071	10,022	5,011	100,216
Marketing	1,435	2,153	2,296	718	574	7,176
Miscellaneous	7,947	10,836	11,198	4,334	1,806	36,121
Travel and events	23,469	19,068	21,269	3,667	5,867	73,340
	\$ 435,228	\$ 616,982	\$ 653,430	\$ 157,003	\$ 132,634	\$ 1,995,277

Tennessee Immigrant and Refugee Rights Coalition

Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash, beginning of year	\$ 1,967,790	\$ 735,281
Cash flows from operating activities		
Change in net assets	963,386	1,198,105
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	963	1,527
Amortization of imputed interest	14,714	8,400
Contributions restricted for long-term asset	(436,209)	(1,202,838)
Change in:		
Grants receivable, net	(402,529)	104,732
Other receivables	(38,436)	-
Related party receivable	(2,491)	(7,739)
Accounts payable	(4,178)	(28,094)
Accrued payroll	(37,084)	19,224
Net cash provided (used) by operating activities	58,136	93,317
Cash flows from investing activities		
Purchases of property and equipment	(1,248,199)	(63,646)
Cash flows from financing activities		
Contributions restricted for long-term asset	436,209	1,202,838
Principal payments of notes payable	(300,000)	-
Net cash provided (used) by financing activities	136,209	1,202,838
Net change in cash	(1,053,854)	1,232,509
Cash, end of year	\$ 913,936	\$ 1,967,790
Cash consists of the following amounts at December 31		
Cash	\$ 738,220	\$ 764,952
Restricted cash	175,716	1,202,838
	\$ 913,936	\$ 1,967,790
Supplemental disclosures of cash flow information		
Cash payments for interest	\$ 3,075	\$ 7,475

Tennessee Immigrant and Refugee Rights Coalition

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

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 revenues 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 US 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 (US GAAP).

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 US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Tennessee Immigrant and Refugee Rights Coalition

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

Note 1. Summary of Significant Accounting Policies

Grants and Other Receivables

Grants and other receivables consists of unconditional promises to give and cost reimbursement grants. 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 revenues. 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.

Property and Equipment and Depreciation

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

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.

PPP Loan

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. The Organization received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). US GAAP provides organizations with two alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as debt and future forgiveness recognized as income when the loan or any portion, thereof is formally discharged; or 2) proceeds can be treated as a conditional contribution where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived. The Organization has elected to treat the PPP loan as a conditional contribution.

Tennessee Immigrant and Refugee Rights Coalition

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

Note 1. Summary of Significant Accounting Policies

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 recordkeeping, 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.

	Method of allocation
Salaries and benefits	Time and effort
Business expense	Time and effort
Depreciation	Square footage
Direct assistance	Time and effort
Grants	Time and effort
Information technology	Square footage
Interest	Square footage
Occupancy	Square footage
Professional services	Time and effort
Marketing	Time and effort
Miscellaneous	Time and effort
Travel and events	Time and effort

Advertising

All advertising costs are expensed when incurred.

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.

Tennessee Immigrant and Refugee Rights Coalition

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

Note 1. Summary of Significant Accounting Policies

Income Taxes

US GAAP requires 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 Internal Revenue Service. The Organization's management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2020 no uncertain positions have been 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 2017.

Reclassifications

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

Note 2. Availability and Liquidity

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

	2020	2019
Financial assets		
Cash	\$ 738,220	\$ 764,952
Restricted cash	175,716	1,202,838
Grants receivable, net	1,087,116	684,587
Other receivables	38,436	-
Related party receivable	<u>32,202</u>	<u>29,711</u>
Total financial assets at year-end	2,071,690	2,682,088
Less amounts not available to be used within one year		
Net assets with donor restrictions	(1,605,011)	(2,064,739)
Amounts restricted for operational use in next year	<u>1,107,281</u>	<u>545,900</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,573,960	\$ 1,163,249

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.

Tennessee Immigrant and Refugee Rights Coalition
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 3. Grants Receivable

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

	2020	2019
Restricted to future periods	\$ 1,115,102	\$ 724,900
Less: unamortized discount	<u>(27,986)</u>	<u>(40,313)</u>
	\$ 1,087,116	\$ 684,587
Amounts due in:		
Less than one year	\$ 765,102	\$ 374,900
One to five years	<u>350,000</u>	<u>350,000</u>
	\$ 1,115,102	\$ 724,900

Discount rates were 4.75% and 5.00% for the years ended December 31, 2020 and 2019, respectively.

Note 4. Property and Equipment

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

	2020	2019
Land	\$ 326,007	\$ 326,007
Construction in progress	1,311,845	63,646
Equipment	16,811	16,811
Software	3,305	3,305
Less: accumulated depreciation	<u>(19,182)</u>	<u>(18,219)</u>
Property and equipment, net	\$ 1,638,786	\$ 391,550

Note 5. PPP Loan

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. Subsequent to year-end the Organization, received notice that the initial draw was fully forgiven.

The Organization has elected to treat the PPP loan as a conditional contribution in the financial statements. As of fiscal year-end, it recognized income in the amount of \$230,200 in contributions as it believes the conditions for forgiveness have been substantially met.

Note 6. Note Payable

The Organization had a \$300,000 note payable to a financing company that was originated in September 2018. The note was 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 accrued interest at a fixed interest rate of 2.48%. This note was recorded net of an unamortized discount of \$14,714 imputed at the rate of 5.00%. During 2020, the note was paid in full and the unamortized discount was fully recognized.

Tennessee Immigrant and Refugee Rights Coalition

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

Note 6. **Note Payable**

The Organization has an \$800,000 variable payment term note that matures in July 2024. The note is secured by a deed of trust and assets of the Organization. Outstanding balances on the note accrue interest at a fixed rate of 3.99%. No amounts were advanced under the note as of December 31, 2020. As of the report date the Organization had an outstanding balance of \$500,000.

Note 7. **Net Assets**

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

	2020	2019
Amounts restricted for future periods	\$ 1,052,579	\$ 861,901
Amount restricted for construction of new office building	<u>552,432</u>	<u>1,202,838</u>
	\$ 1,605,011	\$ 2,064,739

Note 8. **Leases**

The Organization leases its facilities under an operating lease which expired in September 2019. Upon expiration, the lease will continue on a month-to-month basis. Rent expense was \$34,744 and \$35,735 for the years ended December 31, 2020 and 2019, respectively.

The Organization also leases office equipment and a vehicle under operating leases which expire in September 2025 and April 2022, respectively.

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

Year ended December 31,	
2021	\$ 15,300
2022	12,204
2023	11,172
2024	11,172
2025	<u>8,379</u>
	\$ 58,227

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, 2020 and 2019, the Organization had deposits in excess of the federally insured limit totaling approximately \$668,000 and \$1,692,000, 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.

Tennessee Immigrant and Refugee Rights Coalition

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

Note 10. 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, 2020 and 2019, 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 11. 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 \$111,242 and \$65,580 as reimbursements for expenses paid on behalf of the related party under the cost-sharing agreement during the years ended December 31, 2020 and 2019, respectively.

The Organization also issued grants in the amount of \$220,000 and \$100,000 to the related party during the years ended December 31, 2020 and 2019, respectively.

Note 12. Subsequent Events

The Organization has evaluated subsequent events through November 8, 2021, the date on which the financial statements were available to be issued.