

***Nashville International Center
for Empowerment***

(A Nonprofit Corporation)

Financial Statements

With Independent Auditors' Report Thereon

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

**H A Beasley & Company, PC
Certified Public Accountants
Murfreesboro, Tennessee**



H A Beasley & Company, PC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Nashville International Center for Empowerment

We have audited the accompanying financial statements of Nashville International Center for Empowerment (a not-for profit corporation), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, cash flows and functional expenses 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

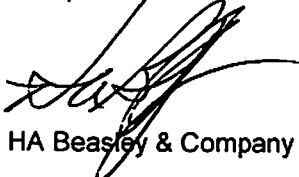
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Nashville International Center for Empowerment as of December 31, 2012 and 2011, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to be 'HAB', written over a horizontal line.

HA Beasley & Company
Murfreesboro, TN

April 1, 2013

A Positive Difference Through Professional Accounting Service

Phone: (615) 895-5675 • www.HABeasley.com • Fax: (615) 895-5660
P.O. Box 11669 • 111 MTCS Drive • Murfreesboro, TN 37129

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT

Statements of Financial Position

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and equivalents	\$ 82,535	\$ 106,559
Grant receivables	101,551	59,849
Prepaid expenses	<u>3,346</u>	<u>42</u>
Current Assets	187,432	166,450
Property and equipment, net of accumulated depreciation	<u>29,061</u>	<u>50,191</u>
TOTAL ASSETS	<u>\$ 216,493</u>	<u>\$ 216,641</u>
LIABILITIES		
Payroll and related cost accrual	\$ 27,704	\$ 15,837
Resettlement and placement liabilities	35,665	11,060
Other accrued liabilities	<u>250</u>	<u>5,975</u>
Current Liabilities	63,619	32,872
NET ASSETS		
Unrestricted	132,993	68,693
Temporarily restricted	<u>19,881</u>	<u>115,076</u>
	<u>152,874</u>	<u>183,769</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 216,493</u>	<u>\$ 216,641</u>

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

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT
Statements of Activities
Years ended December 31, 2012 and 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT						
Grants and donations	\$ 576,230	\$ 39,690	\$ 615,920	\$ 261,422	\$ 242,375	\$ 503,797
Program fees	403,131	-	403,131	22,968	-	22,968
Special events, net expenses	<u>5,832</u>	<u>-</u>	<u>5,832</u>	<u>-</u>	<u>-</u>	<u>-</u>
	985,193	39,690	1,024,883	284,390	242,375	526,765
Released from restrictions	<u>134,885</u>	<u>(134,885)</u>	<u>\$ -</u>	<u>143,251</u>	<u>(143,251)</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	1,120,078	(95,195)	1,024,883	427,641	99,124	526,765
EXPENSES						
Program Services	946,671	-	946,671	394,118	-	394,118
Supporting services						
Management and general	59,502	-	59,502	27,839	-	27,839
Fundraising	<u>49,605</u>	<u>-</u>	<u>49,605</u>	<u>26,793</u>	<u>-</u>	<u>26,793</u>
TOTAL EXPENSES	<u>1,055,778</u>	<u>-</u>	<u>1,055,778</u>	<u>448,750</u>	<u>-</u>	<u>448,750</u>
INCREASE (DECREASE)						
IN NET ASSETS	64,300	(95,195)	(30,895)	(21,109)	99,124	78,015
Net Assets at Beginning of Year	<u>68,693</u>	<u>115,076</u>	<u>183,769</u>	<u>89,802</u>	<u>15,952</u>	<u>105,754</u>
NET ASSETS AT END OF YEAR	<u>\$ 132,993</u>	<u>\$ 19,881</u>	<u>\$ 152,874</u>	<u>\$ 68,693</u>	<u>\$ 115,076</u>	<u>\$ 183,769</u>

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

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT

Statements of Cash Flows

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (30,895)	\$ 78,015
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	23,225	20,133
Increase in operating assets:		
Grants receivable	(41,702)	(37,588)
Prepaid expenses	(3,304)	-
Increase (decrease) in operating liabilities:		
Payroll and related cost accrual	11,867	(389)
Resettlement and placement liabilities	24,605	11,060
Other accrued liabilities	<u>(5,725)</u>	<u>5,975</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(21,929)	77,206
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(2,095)	(23,042)
Disposals of equipment	<u>-</u>	<u>3,353</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,095)</u>	<u>(19,689)</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(24,024)	57,517
CASH AND EQUIVALENTS AT THE BEGINNING OF YEAR	<u>106,559</u>	<u>49,042</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 82,535</u>	<u>\$ 106,559</u>

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

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT
Statements of Functional Expenses
Years ended December 31, 2012 and 2011

	2012				2011			
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total
		Management & General	Fund-raising			Management & General	Fund-raising	
Compensation and related expenses								
Wages	\$ 557,209	\$ 37,941	\$ 38,212	\$ 633,362	\$ 187,794	\$ 15,343	\$ 19,580	\$ 222,717
Payroll taxes	45,640	3,108	3,130	51,878	16,062	1,312	1,675	19,049
Employee benefits	6,938	475	472	7,885	3,129	255	326	3,710
	<u>609,787</u>	<u>41,524</u>	<u>41,814</u>	<u>693,125</u>	<u>206,985</u>	<u>16,910</u>	<u>21,581</u>	<u>245,476</u>
Resettlement and placement	202,789	-	-	202,789	117,125	-	-	117,125
Depreciation	20,433	1,391	1,401	23,225	16,976	1,387	1,770	20,133
Rent	27,756	1,014	1,190	29,960	15,538	283	340	16,161
Travel	26,866	1,829	1,842	30,537	11,368	929	1,185	13,482
Professional services	10,326	10,781	301	21,408	2,531	6,823	-	9,354
Supplies	14,894	1,014	1,021	16,929	6,991	571	729	8,291
Miscellaneous	3,359	229	230	3,818	3,910	319	408	4,637
Books and reference materia	6,024	410	413	6,847	3,851	314	402	4,567
Advertising	220	15	15	250	-	-	-	-
Snacks	1,036	71	71	1,178	-	-	-	-
Telephone and internet	5,024	184	215	5,423	3,559	65	78	3,702
Janitorial services	3,654	133	157	3,944	3,187	68	82	3,337
Subscriptions	447	30	31	508	-	-	-	-
Printing & postage	1,108	75	76	1,259	1,016	83	106	1,205
Bank charges	1,283	87	88	1,458	523	43	54	620
Insurance	8,173	557	560	9,290	422	34	44	500
Utilities	2,489	91	107	2,687	-	-	-	-
Training	519	35	36	590	95	7	10	112
Licenses, fees and penalties	484	32	37	553	41	3	4	48
	<u>\$ 946,671</u>	<u>\$ 59,502</u>	<u>\$ 49,605</u>	<u>\$ 1,055,778</u>	<u>\$ 394,118</u>	<u>\$ 27,839</u>	<u>\$ 26,793</u>	<u>\$ 448,750</u>

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

**Nashville International Center for Empowerment
Notes to Financial Statements
December 31, 2012 and 2011**

NOTE A—NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Nashville International Center for Empowerment (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.

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 and expenses during the reporting period. Actual results could differ from those estimates.

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.

**Nashville International Center for Empowerment
Notes to Financial Statements
December 31, 2012 and 2011**

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

Basis of Presentation (continued)

The Organization's net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

- Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization.
- 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 purposed 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, 2012 and 2011.

Contributions and Grants

Contributions are recognized as revenues 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.

The Organization has received non-cash contributions that are "in-kind" donations that consist of vehicles for operations.

Cash and Equivalents

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

**Nashville International Center for Empowerment
Notes to Financial Statements
December 31, 2012 and 2011**

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

Grant Receivables

Grant reimbursement requests have been recorded as grant receivables. The receivable is recorded when the expense for reimbursement has been incurred. Management performs an analysis of uncollectible receivables. The grant receivables were received in full subsequent to year-end.

Property and Equipment

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 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.

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.

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 that is 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, 2012 or 2011.

The Organization has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are 2009, 2010 and 2011 tax years. However, the Organization is not currently under audit nor has the Organization been contacted by any jurisdiction. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended December 31, 2012 and 2011.

**Nashville International Center for Empowerment
Notes to Financial Statements
December 31, 2012 and 2011**

NOTE B—PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2012 and 2011:

	2012	2011
Computers and peripherals	\$ 67,061	\$ 65,132
Furniture and fixtures	5,588	8,282
Program equipment	<u>1,915</u>	<u>1,915</u>
	74,564	75,329
Less: Accumulated depreciation	<u>(45,503)</u>	<u>(25,138)</u>
	<u>\$ 29,061</u>	<u>\$ 50,191</u>

NOTE C – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of the following as of December 31, 2012 and 2011:

	2012	2011
Resettlement and placement	\$ -	\$ 22,079
Employment	-	15,425
Adult education	1,191	47,525
Youth	15,000	14,622
Social adjustment	<u>3,690</u>	<u>15,425</u>
	<u>\$ 19,881</u>	<u>\$ 115,076</u>

NOTE D – OPERATING LEASES

The Organization leases space that includes administrative offices, classrooms, child care area and a computer lab for \$1,200 per month on a month to month basis.

The Organization leases additional office space with monthly payments of \$2,150 maturing on October 31, 2013. Minimum lease payments total \$21,500 for the year ending December 31, 2013.

NOTE E – RISK AND UNCERTAINTIES

The Organization may be subject to credit risk to its cash and equivalents, which are placed with high credit-quality financial institutions. In November 2008, the Federal Deposit Insurance Corporation ("FDIC") temporarily increased coverage to \$250,000 for substantially all depository accounts and temporarily provided unlimited coverage for certain qualifying and participant non-interest bearing transaction accounts. The increased covered is scheduled to expire on December 31, 2013, at which time it is anticipated amounts insured by the FDIC will return to \$100,000. As of December 31, 2012 and 2011, the Organization did not exceed the FDIC limits.

**Nashville International Center for Empowerment
Notes to Financial Statements
December 31, 2012 and 2011**

NOTE F – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 1, 2013, which is the date the financial statements were available to be issued.

On January 1, 2013 the Organization entered into an operating lease for additional classroom space for \$300 a month through December 31, 2013. The additional facility will be used for English classes and staff meetings.

NOTE G – RECLASSIFICATIONS

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