

**TENNESSEE IMMIGRANT AND
REFUGEE RIGHTS COALITION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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TABLE OF CONTENTS

| | PAGE |
|-----------------------------------|-------------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| FINANCIAL STATEMENTS: | |
| Statements of financial position | 2 |
| Statements of activities | 3-4 |
| Statements of functional expenses | 5-6 |
| Statements of cash flows | 7 |
| Notes to financial statements | 8-12 |

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tennessee Immigrant and Refugee Rights Coalition

We have audited the accompanying financial statements of Tennessee Immigrant and Refugee Rights Coalition (a Tennessee not-for-profit corporation), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities 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.

Auditors' 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 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 Tennessee Immigrant and Refugee Rights Coalition as of December 31, 2013 and 2012, 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

September 30, 2014

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012**

ASSETS

| | 2013 | 2012 |
|-----------------------------|--------------------------|--------------------------|
| Current assets: | | |
| Cash | \$ 142,340 | \$ 142,163 |
| Grants receivable | 15,000 | 158,405 |
| Other receivables | <u>4,177</u> | <u>18,892</u> |
| Total current assets | 161,517 | 319,460 |
| Software and equipment, net | 6,455 | 12,588 |
| Other assets | <u>1,931</u> | <u>-</u> |
| Total assets | <u><u>\$ 169,903</u></u> | <u><u>\$ 332,048</u></u> |

LIABILITIES AND NET ASSETS

| | | |
|----------------------------------|--------------------------|--------------------------|
| Current liabilities: | | |
| Accounts payable | \$ 8,814 | \$ 9,599 |
| Accrued leave | 15,590 | 18,454 |
| Accrued payroll | <u>12,238</u> | <u>19,345</u> |
| Total current liabilities | <u>36,642</u> | <u>47,398</u> |
| Net assets: | | |
| Unrestricted | 48,261 | 14,650 |
| Unrestricted - board designated | 60,000 | 135,000 |
| Temporarily restricted | <u>25,000</u> | <u>135,000</u> |
| Total net assets | <u>133,261</u> | <u>284,650</u> |
| Total liabilities and net assets | <u><u>\$ 169,903</u></u> | <u><u>\$ 332,048</u></u> |

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

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

| | Unrestricted | Unrestricted Board Designated | Temporarily Restricted | Total |
|---------------------------------------|--------------|-------------------------------------|---------------------------|------------|
| Revenue and other support: | | | | |
| Grants | \$ 667,737 | \$ 60,000 | \$ 25,000 | \$ 752,737 |
| Special events | 25,756 | - | - | 25,756 |
| Contributions | 51,795 | - | - | 51,795 |
| Earned revenues | 13,207 | - | - | 13,207 |
| Net assets released from restrictions | 270,000 | (135,000) | (135,000) | - |
| Total revenue and other support | 1,028,495 | (75,000) | (110,000) | 843,495 |
| Expenses: | | | | |
| Program services: | | | | |
| Community organizing | 315,994 | - | - | 315,994 |
| Advocacy & education | 194,542 | - | - | 194,542 |
| Southeast network | 179,519 | - | - | 179,519 |
| Total program services | 690,055 | - | - | 690,055 |
| Supporting services: | | | | |
| Administrative | 170,427 | - | - | 170,427 |
| Fundraising | 134,402 | - | - | 134,402 |
| Total supporting services | 304,829 | - | - | 304,829 |
| Total expenses | 994,884 | - | - | 994,884 |
| Increase (Decrease) in net assets | 33,611 | (75,000) | (110,000) | (151,389) |
| Net assets, beginning of year | 14,650 | 135,000 | 135,000 | 284,650 |
| Net assets, end of year | \$ 48,261 | \$ 60,000 | \$ 25,000 | \$ 133,261 |

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

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012

| | Unrestricted | Unrestricted Board Designated | Temporarily Restricted | Total |
|---------------------------------------|--------------|-------------------------------------|---------------------------|------------|
| Revenue and other support: | | | | |
| Grants | \$ 588,700 | \$ 60,000 | \$ 135,000 | \$ 783,700 |
| Special events | 43,490 | - | - | 43,490 |
| Contributions | 33,376 | - | - | 33,376 |
| Earned revenues | 936 | - | - | 936 |
| Net assets released from restrictions | 252,500 | (115,000) | (137,500) | - |
| Total revenue and other support | 919,002 | (55,000) | (2,500) | 861,502 |
| Expenses: | | | | |
| Program services: | | | | |
| Community organizing | 401,028 | - | - | 401,028 |
| Advocacy & education | 186,329 | - | - | 186,329 |
| Southeast network | 143,043 | - | - | 143,043 |
| Total program services | 730,400 | - | - | 730,400 |
| Supporting services: | | | | |
| Administrative | 174,482 | - | - | 174,482 |
| Fundraising | 125,418 | - | - | 125,418 |
| Total supporting services | 299,900 | - | - | 299,900 |
| Total expenses | 1,030,300 | - | - | 1,030,300 |
| Decrease in net assets | (111,298) | (55,000) | (2,500) | (168,798) |
| Net assets, beginning of year | 125,948 | 190,000 | 137,500 | 453,448 |
| Net assets, end of year | \$ 14,650 | \$ 135,000 | \$ 135,000 | \$ 284,650 |

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, 2013

| | <u>Program Services</u> | | | <u>Supporting Services</u> | | |
|----------------------------|---------------------------------|-------------------------------------|------------------------------|----------------------------|--------------------|-------------------|
| | <u>Community Organizing</u> | <u>Advocacy & Education</u> | <u>Southeast Network</u> | <u>Administrative</u> | <u>Fundraising</u> | <u>Total</u> |
| Salaries and benefits | \$ 220,982 | \$ 145,867 | \$ 99,318 | \$ 113,549 | \$ 105,225 | \$ 684,941 |
| Travel and events | 34,724 | 10,971 | 52,964 | 4,293 | 6,812 | 109,764 |
| Miscellaneous | 14,862 | 9,141 | 4,332 | 5,975 | 14,554 | 48,864 |
| Occupancy expense | 24,007 | 11,383 | - | 6,288 | 5,336 | 47,014 |
| Other personnel | - | 8,928 | - | - | - | 8,928 |
| Non-personnel expense | 3,366 | 6,146 | 22,750 | 8,460 | 500 | 41,222 |
| Grant and contract expense | 13,430 | - | - | 26,655 | 1,023 | 41,108 |
| Depreciation | 2,269 | 920 | 123 | 2,392 | 429 | 6,133 |
| Business expense | 2,354 | 1,186 | 32 | 2,815 | 523 | 6,910 |
| | <u>\$ 315,994</u> | <u>\$ 194,542</u> | <u>\$ 179,519</u> | <u>\$ 170,427</u> | <u>\$ 134,402</u> | <u>\$ 994,884</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, 2012

| | Program Services | | | Supporting Services | | Total |
|----------------------------|----------------------|----------------------|-------------------|---------------------|-------------------|---------------------|
| | Community Organizing | Advocacy & Education | Southeast Network | Administrative | Fundraising | |
| Salaries and benefits | \$ 269,160 | \$ 144,253 | \$ 83,032 | \$ 116,867 | \$ 100,433 | \$ 713,745 |
| Travel and events | 51,416 | 7,988 | 57,426 | 2,056 | 16,025 | 134,911 |
| Miscellaneous | 23,590 | 9,087 | 2,330 | 27,269 | 1,918 | 64,194 |
| Occupancy expense | 16,171 | 6,510 | - | 10,886 | 4,883 | 38,450 |
| Other personnel | 12,690 | 7,900 | - | - | - | 20,590 |
| Non-personnel expense | 3,148 | 2,616 | - | 10,909 | 268 | 16,941 |
| Grant and contract expense | 22,197 | 6,420 | 125 | 239 | 525 | 29,506 |
| Depreciation | 2,656 | 1,065 | 130 | 2,757 | 507 | 7,115 |
| Business expense | - | 490 | - | 3,499 | 859 | 4,848 |
| | <u>\$ 401,028</u> | <u>\$ 186,329</u> | <u>\$ 143,043</u> | <u>\$ 174,482</u> | <u>\$ 125,418</u> | <u>\$ 1,030,300</u> |

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

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

| | 2013 | 2012 |
|---|--------------------------|--------------------------|
| Cash flows from operating activities: | | |
| Decrease in net assets | \$ (151,389) | \$ (168,798) |
| Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 6,133 | 7,115 |
| (Increase) decrease in operating assets | | |
| Grants receivable | 143,405 | 134,273 |
| Other receivables | 14,715 | (12,830) |
| Other assets | (1,931) | - |
| Increase (decrease) in operating liabilities | | |
| Accounts payable | (785) | 2,045 |
| Grants payable | - | (8,478) |
| Accrued leave | (2,864) | (8,059) |
| Accrued payroll | (7,107) | 11,123 |
| | <u>177</u> | <u>(43,609)</u> |
| Net cash provided (used) by operating activities | | |
| | <u>177</u> | <u>(43,609)</u> |
| Cash flows from investing activities: | | |
| Purchase of software and equipment | <u>-</u> | <u>(3,122)</u> |
| | <u>-</u> | <u>(3,122)</u> |
| Net cash used by investing activities | | |
| | <u>-</u> | <u>(3,122)</u> |
| Net increase (decrease) in cash | 177 | (46,731) |
| Total cash, beginning of year | <u>142,163</u> | <u>188,894</u> |
| Total cash, end of year | <u><u>\$ 142,340</u></u> | <u><u>\$ 142,163</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, 2013 AND 2012**

NOTE 1 - 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, awareness 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 the southeast network – a regional network to share resources, develop joint strategies, and build a collective voice for the South on issues of immigration.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Tennessee Immigrant and Refugee Rights Coalition have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that can affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

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

Other Receivables

Receivables are stated at unpaid balances. The Organization believes all promises to give to be collectible; therefore no allowance has been made. 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 accounts receivable when management determines the receivable will not be collected.

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Software and Equipment and Depreciation

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

Contributions

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

Grants and other contributions of cash and other assets are recorded as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the 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 unrestricted contributions. All contributions in the current year are unrestricted or have met the donor imposed stipulations within the same year.

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, 2013 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.

Allocation of Functional Expenses

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.

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the southeast network. 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.

NOTE 3 - GRANTS RECEIVABLE

Unconditional promises to give and conditional promises to give for which all conditions have been met at December 31, 2013 and 2012 are all receivable in less than one year. As such, they are shown at their net realizable value. The Organization believes all promises to give to be collectible; therefore no allowance has been made.

NOTE 4 - SOFTWARE AND EQUIPMENT

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

| | 2013 | 2012 |
|-------------------------------|-----------------|------------------|
| Software | \$ 5,115 | \$ 5,115 |
| Equipment | 59,509 | 59,509 |
| | <u>64,624</u> | <u>64,624</u> |
| Less accumulated depreciation | <u>(58,169)</u> | <u>(52,036)</u> |
| Software and equipment, net | <u>\$ 6,455</u> | <u>\$ 12,588</u> |

Depreciation expense for the years ended December 31, 2013 and 2012 was \$6,133 and \$7,115 respectively.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 5 - GRANTS PAYABLE

During the year ended December 31, 2013 and 2012, the Organization received contributions of \$0 and \$19,171, respectively, from various donors with the stipulation that the Organization use the funds only for the benefit of certain designated beneficiaries. During these years, payments were made in accordance with donor stipulations.

NOTE 6 - BOARD DESIGNATED NET ASSETS

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

NOTE 7 - RESTRICTIONS ON NET ASSETS

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

| | 2013 | 2012 |
|--------------------------------------|------------------|-------------------|
| Grant revenue with time restrictions | <u>\$ 25,000</u> | <u>\$ 135,000</u> |

There were no permanently restricted net assets as of December 31, 2013 and 2012.

NOTE 8 - LEASE

The Organization has an operating lease for its primary office in Nashville, TN. The lease is to expire August 31, 2016. Rent expense was \$44,723 and \$37,328 for the years ended December 31, 2013 and 2012. Future minimum payments under this lease are as follows:

Year ending December 31:

| | |
|-------|------------------|
| 2014 | \$ 28,198 |
| 2015 | 28,198 |
| 2016 | <u>17,961</u> |
| Total | <u>\$ 74,357</u> |

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 - 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 allowability or eligibility. A questioned cost may not be reimbursed by the grantor agency or the grantor agency may require that the funds already expended 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, 2013 and 2012 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 10 - CONCENTRATIONS

During the year ended December 31, 2013, one grantor constituted approximately 47% of total revenue. During the year ended December 31, 2012, two grantors constituted approximately 45% of total revenue. The current level of the Organization's operations and program services may be impacted or segments discontinued if the Organization does not continue to obtain contributions from these sources.

NOTE 12 – MANAGEMENT'S REVIEW

Management has evaluated subsequent events through September 30, 2014, the date which the financial statements were available to be issued.