

**TENNESSEE IMMIGRANT AND
REFUGEE RIGHTS COALITION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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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, 2012 and 2011, 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, 2012 and 2011, 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

November 11, 2013

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011**

ASSETS

	2012	2011
Current assets:		
Cash	\$ 142,163	\$ 180,416
Cash - restricted	-	8,478
Total cash	<u>142,163</u>	<u>188,894</u>
Grants receivable	158,405	292,678
Other receivables	<u>18,892</u>	<u>6,062</u>
Total current assets	319,460	487,634
Software and equipment, net	<u>12,588</u>	<u>16,581</u>
Total assets	<u><u>\$ 332,048</u></u>	<u><u>\$ 504,215</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 9,599	\$ 7,554
Grants payable	-	8,478
Accrued leave	18,454	26,513
Accrued payroll	<u>19,345</u>	<u>8,222</u>
Total current liabilities	<u>47,398</u>	<u>50,767</u>
Net assets:		
Unrestricted	14,650	125,948
Unrestricted - board designated	135,000	190,000
Temporarily restricted	<u>135,000</u>	<u>137,500</u>
	<u>284,650</u>	<u>453,448</u>
Total liabilities and net assets	<u><u>\$ 332,048</u></u>	<u><u>\$ 504,215</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, 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) Increase 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 ACTIVITIES
YEAR ENDED DECEMBER 31, 2011**

	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Total
Revenue and other support:				
Grants	\$ 669,744	\$ 190,000	\$ 137,500	\$ 997,244
Special events	32,544	-	-	32,544
Contributions	34,338	-	-	34,338
Earned revenues	10,685	-	-	10,685
Net assets released from restrictions	95,000	(82,500)	(12,500)	-
Total revenue and other support	842,311	107,500	125,000	1,074,811
Expenses:				
Program services:				
Community organizing	421,744	-	-	421,744
Advocacy & education	174,596	-	-	174,596
Southeast network	57,711	-	-	57,711
Total program services	654,051	-	-	654,051
Supporting services:				
Administrative	155,277	-	-	155,277
Fundraising	96,547	-	-	96,547
Total supporting services	251,824	-	-	251,824
Total expenses	905,875	-	-	905,875
Increase (Decrease) in net assets	(63,564)	107,500	125,000	168,936
Net assets, beginning of year	189,512	82,500	12,500	284,512
Net assets, end of year	<u>\$ 125,948</u>	<u>\$ 190,000</u>	<u>\$ 137,500</u>	<u>\$ 453,448</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

	<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	\$ 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
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011

	<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	\$ 277,832	\$ 122,568	\$ 31,276	\$ 126,097	\$ 75,973	\$ 633,746
Travel and events	66,142	6,652	22,963	6,012	2,327	104,096
Miscellaneous	30,354	14,481	1,798	7,643	4,383	58,659
Occupancy expense	12,963	12,481	-	6,641	3,120	35,205
Other personnel	3,000	8,575	-	-	-	11,575
Non-personnel expense	20,659	6,007	1,115	7,300	4,426	39,507
Grant and contract expense	6,714	2,144	-	85	120	9,063
Depreciation	4,080	1,688	559	1,499	932	8,758
Business expense	-	-	-	-	5,266	5,266
	<u>\$ 421,744</u>	<u>\$ 174,596</u>	<u>\$ 57,711</u>	<u>\$ 155,277</u>	<u>\$ 96,547</u>	<u>\$ 905,875</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, 2012 AND 2011**

	2012	2011
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (168,798)	\$ 168,936
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation	7,115	8,758
(Increase) decrease in operating assets		
Grants receivable	134,273	(105,178)
Other receivables	(12,830)	1,038
Increase (decrease) in operating liabilities		
Accounts payable	2,045	4,791
Grants payable	(8,478)	(124,157)
Accrued leave	(8,059)	5,632
Accrued payroll	<u>11,123</u>	<u>1,879</u>
Net cash used by operating activities	<u>(43,609)</u>	<u>(38,301)</u>
Cash flows from investing activities:		
Purchase of software and equipment	<u>(3,122)</u>	<u>(1,654)</u>
Net cash used by investing activities	<u>(3,122)</u>	<u>(1,654)</u>
Net decrease in cash	(46,731)	(39,955)
Total cash, beginning of year	<u>188,894</u>	<u>228,849</u>
Total cash, end of year	<u><u>\$ 142,163</u></u>	<u><u>\$ 188,894</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, 2012 AND 2011**

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

Cash and restricted cash consist of cash held on deposit. Restricted cash consists of contributions that have yet to be transferred to donor-designated beneficiaries. 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, 2012 AND 2011**

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, 2012 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, 2012 AND 2011

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, 2012 and 2011 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:

	2012	2011
Software	\$ 5,115	\$ 5,115
Equipment	59,509	56,387
	<u>64,624</u>	<u>61,502</u>
Less accumulated depreciation	<u>(52,036)</u>	<u>(44,921)</u>
Software and equipment, net	<u>\$ 12,588</u>	<u>\$ 16,581</u>

Depreciation expense for the years ended December 31, 2012 and 2011 was \$7,115 and \$8,758, respectively.

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 5 - GRANTS PAYABLE

During the year ended December 31, 2012 and 2011, the Organization received contributions of \$19,171 and \$279,273, 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. Contributions of \$0 and \$8,478 remained to be transferred in accordance with donor stipulations as of December 31, 2012 and 2011, respectively.

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:

	2012	2011
Grant revenue with time restrictions	<u>\$ 135,000</u>	<u>\$ 137,500</u>

There were no permanently restricted net assets as of December 31, 2012 and 2011.

NOTE 8 - LEASE

In January 2009, the Organization became obligated under a real property lease for its primary office in Nashville. The lease is to expire March 31, 2014. Rent expense was \$37,328 and \$34,804 for the years ended December 31, 2012 and 2011. Future minimum payments under this lease are as follows:

Year ending December 31:

2013	\$ 33,613
2014	<u>8,496</u>
Total	<u>\$ 42,109</u>

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

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 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, 2012 and 2011 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, 2012, two contributors constituted approximately 45% of total revenue. During the year ended December 31, 2011, two contributors constituted approximately 55% 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 11 - SUBSEQUENT EVENT

On September 30, 2013, the Organization terminated the lease discussed in Note 8 and relocated its primary office in Nashville. Total rent expense under the terminated lease was \$32,118 during 2013.

On September 1, 2013, the Organization became obligated under a real property lease for the new location of its primary office in Nashville. The lease is to expire August 31, 2016. Future minimum payments under this lease are as follows:

Year ending December 31:

2013	\$ 7,723
2014	23,363
2015	23,947
2016	<u>16,229</u>
Total	<u>\$ 71,262</u>

NOTE 12 – MANAGEMENT'S REVIEW

Management has evaluated subsequent events through November 11, 2013, the date which the financial statements were available to be issued.