

***Nashville International Center
for Empowerment***

(A Nonprofit Corporation)

Financial Statements

With Independent Auditors' Report Thereon

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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
the Nashville International Center for Empowerment

We have audited the accompanying financial statements of the Nashville International Center for Empowerment (a nonprofit organization), which comprise the statements of financial position as of December 31 2013 and 2012, and 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.

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 audits 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 the Nashville International Center for Empowerment 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.

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

H A Beasley & Company, P.C.
Murfreesboro, Tennessee
March 7, 2014

A Positive Difference Through Professional Accounting Service

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NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT
Statements of Financial Position
December 31, 2013 and 2012

	2013	2012
ASSETS		
Cash and equivalents	\$ 99,128	\$ 82,535
Grants receivable	125,867	101,551
Prepaid expenses	1,417	3,346
Total current assets	226,412	187,432
PROPERTY AND EQUIPMENT, NET	12,424	29,061
TOTAL ASSETS	\$ 238,836	\$ 216,493
LIABILITIES		
Payroll and related cost accrual	\$ 18,604	\$ 27,704
Resettlement and placement liabilities	31,416	35,665
Other accrued liabilities	8,632	250
Total current liabilities	58,652	63,619
NET ASSETS		
Unrestricted	129,546	132,993
Temporarily restricted	50,638	19,881
Total net assets	180,184	152,874
TOTAL LIABILITIES AND NET ASSETS	\$ 238,836	\$ 216,493

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

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT
Statements of Activities
Years ended December 31, 2013 and 2012

	2013		2012			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT						
Grants and donations	\$ 559,455	\$ 96,423	\$ 655,878	\$ 576,230	\$ 39,690	\$ 615,920
Program fees	334,142	-	334,142	403,131	-	403,131
Special events, net expenses	4,132	-	4,132	5,832	-	5,832
	<u>897,729</u>	<u>96,423</u>	<u>994,152</u>	<u>985,193</u>	<u>39,690</u>	<u>1,024,883</u>
Net assets released from restrictions	65,666	(65,666)	-	134,885	(134,885)	-
Total revenue and other support	963,395	30,757	994,152	1,120,078	(95,195)	1,024,883
EXPENSES						
Program services	866,244	-	866,244	946,671	-	946,671
Supporting services	55,545	-	55,545	59,502	-	59,502
Management and general Fundraising	44,946	-	44,946	49,605	-	49,605
Total expenses	966,735	-	966,735	1,055,778	-	1,055,778
OTHER EXPENSES						
Loss on disposal of property and equipment	(107)	-	(107)	-	-	-
INCREASE (DECREASE) IN NET ASSETS	(3,447)	30,757	27,310	64,300	(95,195)	(30,895)
Net Assets at Beginning 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>
NET ASSETS AT END OF YEAR	<u>\$ 129,546</u>	<u>\$ 50,638</u>	<u>\$ 180,184</u>	<u>\$ 132,993</u>	<u>\$ 19,881</u>	<u>\$ 152,874</u>

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

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT
Statements of Cash Flows
Years ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 27,310	\$ (30,895)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	20,726	23,225
Loss on disposal of property and equipment	107	-
Increase in operating assets:		
Grants receivable	(24,316)	(41,702)
Prepaid expenses	1,929	(3,304)
Increase (decrease) in operating liabilities:		
Payroll and related cost accrual	(9,100)	11,867
Resettlement and placement liabilities	(4,249)	24,605
Other accrued liabilities	8,382	(5,725)
Net cash provided by (used in) operating activities	20,789	(21,929)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(4,196)	(2,095)
Net increase (decrease) in cash and equivalents	16,593	(24,024)
Cash and equivalents at the beginning of the year	82,535	106,559
Cash and equivalents at the end of the year	\$ 99,128	\$ 82,535

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

NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT
Statements of Functional Expenses
Years ended December 31, 2013 and 2012

	2013		2012				
	Program Services	Supporting Services		Program Services	Supporting Services		Total
		Management & General	Fund-raising		Management & General	Fund-raising	
Compensation and related expenses							
Wages	\$ 471,894	\$ 36,377	\$ 34,522	\$ 542,793	\$ 37,941	\$ 38,212	\$ 633,362
Payroll taxes	38,629	2,978	2,826	44,433	3,108	3,130	51,878
Employee benefits	4,909	378	359	5,646	475	472	7,885
	<u>515,432</u>	<u>39,733</u>	<u>37,707</u>	<u>592,872</u>	<u>41,524</u>	<u>41,814</u>	<u>693,125</u>
Resettlement and placement costs							
Depreciation	206,862	-	-	206,862	-	-	202,789
Rent	18,019	1,389	1,318	20,726	1,391	1,401	23,225
Travel	39,192	1,298	1,260	41,750	1,014	1,190	29,960
Professional services	15,084	1,163	1,103	17,350	1,829	1,842	30,537
Supplies	17,163	8,343	115	25,621	10,326	301	21,408
Miscellaneous	9,093	701	665	10,459	14,894	1,021	16,929
Books and reference materials	2,643	204	194	3,041	229	230	3,818
Advertising	9,481	731	693	10,905	410	413	6,847
Snacks	174	13	13	200	15	15	250
Telephone and internet	-	-	-	-	1,036	71	1,178
Janitorial services	7,205	239	231	7,675	5,024	215	5,423
Subscriptions	2,797	93	90	2,980	3,654	157	3,944
Printing & postage	500	38	37	575	447	31	508
Bank charges	-	-	-	-	1,108	75	1,259
Insurance	1,135	88	83	1,306	1,283	88	1,458
Utilities	17,990	1,387	1,316	20,693	8,173	560	9,290
Training	3,244	108	104	3,456	2,489	91	2,687
Licenses, fees and penalties	68	5	5	78	519	36	590
	<u>162</u>	<u>12</u>	<u>12</u>	<u>186</u>	<u>484</u>	<u>37</u>	<u>553</u>
	<u>\$ 866,244</u>	<u>\$ 55,545</u>	<u>\$ 44,946</u>	<u>\$ 966,735</u>	<u>\$ 946,671</u>	<u>\$ 49,605</u>	<u>\$ 1,055,778</u>

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

Nashville International Center for Empowerment
Notes to Financial Statements
December 31, 2013 and 2012

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, 2013 and 2012

**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, 2013 and 2012.

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 rent on an apartment which is utilized for holding various classes for refugees.

Cash and Equivalents

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

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.

Nashville International Center for Empowerment
Notes to Financial Statements
December 31, 2013 and 2012

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

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 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.

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, 2013 or 2012.

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 2010, 2011 and 2012 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, 2013 and 2012.

Nashville International Center for Empowerment
Notes to Financial Statements
December 31, 2013 and 2012

NOTE B—PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2013 and 2012:

	2013	2012
Computers and peripherals	\$ 66,617	\$ 67,061
Furniture and fixtures	5,534	5,588
Program equipment	-	1,915
Vehicles	4,000	-
	76,151	74,564
Less: Accumulated depreciation	(63,727)	(45,503)
	\$ 12,424	\$ 29,061

NOTE C -- RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of the following as of December 31, 2013 and 2012:

	2013	2012
Health education	\$ 19,231	\$ -
Adult education	6,613	1,191
Youth	21,104	15,000
Social adjustment	3,690	3,690
	\$ 50,638	\$ 19,881

NOTE D – OPERATING LEASES

The Organization leases office space with monthly payments of \$2,285 maturing on December 14, 2014.

The Organization leases classroom space with monthly payments of \$300 maturing on December 31, 2014. The facility will be used for English classes and staff meetings.

The Organization received an in-kind donation of the use of an apartment where various training classes are held for the refugees. This in-kind contribution is recorded in the statement of activities as an in-kind donation and as rent expense totaling \$10,788.

Total rent expense was \$41,750 and \$21,960 for the years ending December 31, 2013 and 2012.

Minimum lease payments total \$29,878 for the year ending December 31, 2014.

Nashville International Center for Empowerment
Notes to Financial Statements
December 31, 2013 and 2012

NOTE E – RISK, UNCERTAINTIES AND CONTENGENCIES

The Organization may be subject to credit risk to its cash and equivalents, which are placed with high credit-quality financial institutions. The Federal Deposit Insurance Corporation (“FDIC”) covers up to \$250,000 for substantially all depository accounts. As of December 31, 2013 and 2012, the Organization did not exceed the FDIC limits.

The Organization entered into a grant agreement which requires the financial statements of the Organization to be audited based on government auditing standards. Typically, organizations which receive funding from the government directly or indirectly below the specific threshold established by the government are not required to have their financial statements audited using the government auditing standards. The Organization’s funding received does not exceed the threshold established requiring audited financial statements in accordance with government auditing standards. Therefore, Management of the Organization has elected to continue to have the audit performed using general accepted auditing standards

NOTE F – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 7, 2013, which is the date the financial statements were available to be issued