

***Nashville International Center  
for Empowerment, Inc.***

(A Nonprofit Corporation)

**Financial Statements**

**With Independent Auditors' Report Thereon**

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

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*Nashville International Center for Empowerment, Inc.*

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**H A Beasley & Company, PC**  
Certified Public Accountants  
**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Nashville International Center for Empowerment, Inc.

We have audited the accompanying financial statements of Nashville International Center for Empowerment, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, 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 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 Nashville International Center for Empowerment, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its functional expenses and 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, PC

March 18, 2015

*A Positive Difference Through Professional Accounting Service*

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**NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 137,792	\$ 99,128
Grants receivable	217,023	125,867
Other receivables	4,889	-
Prepaid expenses	<u>6,499</u>	<u>1,417</u>
Total current assets	366,203	226,412
PROPERTY AND EQUIPMENT, NET	<u>11,959</u>	<u>12,424</u>
<b>TOTAL ASSETS</b>	<u>\$ 378,162</u>	<u>\$ 238,836</u>
<b>CURRENT LIABILITIES</b>		
Payroll and related cost accrual	\$ 24,648	\$ 18,604
Resettlement and placement liabilities	40,863	31,416
Other accrued liabilities	1,873	8,632
Deferred revenue	<u>22,500</u>	<u>-</u>
Total current liabilities	89,884	58,652
<b>NET ASSETS</b>		
Unrestricted	233,401	129,546
Temporarily restricted	<u>54,877</u>	<u>50,638</u>
Total net assets	<u>288,278</u>	<u>180,184</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 378,162</u>	<u>\$ 238,836</u>

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

**NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014		2013		
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>					
Grants and donations	\$ 1,359,533	\$ 153,242	\$ 1,512,775	\$ 96,423	\$ 943,288
Program fees	47,368	-	47,368	-	46,732
Special events, net expenses	13,964	-	13,964	-	4,132
	1,420,865	153,242	1,574,107	96,423	994,152
Net assets released from restrictions	149,003	(149,003)	-	(65,666)	-
Total revenue and other support	1,569,868	4,239	1,574,107	30,757	994,152
<b>EXPENSES</b>					
Program services	1,310,498	-	1,310,498	-	866,244
Supporting services	79,606	-	79,606	-	55,545
Management and general	75,909	-	75,909	-	44,946
Fundraising	1,466,013	-	1,466,013	-	966,735
Total expenses					
<b>OTHER EXPENSES</b>					
Loss on disposal of property and equipment	-	-	-	(107)	(107)
<b>INCREASE (DECREASE) IN NET ASSETS</b>	103,855	4,239	108,094	30,757	27,310
<b>NET ASSETS AT BEGINNING OF YEAR</b>	129,546	50,638	180,184	19,881	152,874
<b>NET ASSETS AT END OF YEAR</b>	\$ 233,401	\$ 54,877	\$ 288,278	\$ 50,638	\$ 180,184

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

**NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 108,094	\$ 27,310
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	7,012	20,726
Loss on disposal of property and equipment	-	107
(Increase) decrease in operating assets:		
Grants receivable	(91,156)	(24,316)
Other receivables	(4,889)	-
Prepaid expenses	(5,082)	1,929
Increase (decrease) in operating liabilities:		
Payroll and related cost accrual	6,044	(9,100)
Resettlement and placement liabilities	9,447	(4,249)
Other accrued liabilities	(6,759)	8,382
Deferred revenue	<u>22,500</u>	<u>-</u>
Net cash provided by operating activities	45,211	20,789
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of equipment	<u>(6,547)</u>	<u>(4,196)</u>
Net increase in cash and equivalents	38,664	16,593
Cash and equivalents at the beginning of the year	<u>99,128</u>	<u>82,535</u>
Cash and equivalents at the end of the year	<u>\$ 137,792</u>	<u>\$ 99,128</u>

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

**NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014				2013				
	Supporting Services		Program Services	Total	Supporting Services		Program Services	Total	
	Management & General	Fund-raising			Management & General	Fund-raising			
Compensation and related expenses									
Wages	\$ 737,125	\$ 56,467	\$ 59,376	\$ 852,968	\$ 471,894	\$ 36,377	\$ 34,522	\$ 542,793	
Payroll taxes	59,149	4,531	4,765	68,445	38,629	2,978	2,826	44,433	
Employee benefits	16,972	1,300	1,367	19,639	4,909	378	359	5,646	
Total compensation and related expenses	813,246	62,298	65,508	941,052	515,432	39,733	37,707	592,872	
Resettlement and placement costs	293,357	-	-	293,357	206,862	-	-	206,862	
Depreciation	6,060	464	488	7,012	18,019	1,389	1,318	20,726	
Rent	40,736	1,614	1,527	43,877	39,192	1,298	1,260	41,750	
Travel	35,811	2,743	2,885	41,439	15,084	1,163	1,103	17,350	
Professional services	49,846	7,401	200	57,447	17,163	8,343	115	25,621	
Supplies	23,878	1,829	1,924	27,631	9,093	701	665	10,459	
Miscellaneous	5,203	399	419	6,021	2,643	204	194	3,041	
Books and reference materials	7,664	587	617	8,868	9,481	731	693	10,905	
Advertising	428	33	34	495	174	13	13	200	
Snacks	464	36	37	537	-	-	-	-	
Telephone and internet	8,715	345	327	9,387	7,205	239	231	7,675	
Janitorial services	572	23	21	616	2,797	93	90	2,980	
Subscriptions	860	66	69	995	500	38	37	575	
Printing & postage	436	34	35	505	-	-	-	-	
Bank charges	909	70	73	1,052	1,135	88	83	1,306	
Insurance	19,620	1,503	1,580	22,703	17,990	1,387	1,316	20,693	
Utilities	1,214	48	46	1,308	3,244	108	104	3,456	
Training	920	70	74	1,064	68	5	5	78	
Licenses, fees and penalties	559	43	45	647	162	12	12	186	
Totals	\$ 1,310,498	\$ 79,606	\$ 75,909	\$ 1,466,013	\$ 866,244	\$ 55,545	\$ 44,946	\$ 966,735	

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

**NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

NOTE A—NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Nashville International Center for Empowerment, Inc. (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.

Accrual Basis

The financial statements of the Organization have been prepared on the accrual basis.

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.

The Organization’s net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization.



**NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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

Basis of Presentation (continued)

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 purpose 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, 2014 and 2013.

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 or other support and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Cash and Equivalents

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

Grants Receivable

Grant reimbursement requests have been recorded as grants receivable. The grant receivable is recorded when the expense for reimbursement has been incurred. Each grant agreement defines when a particular grant is considered past due which range from 30 to 60 days from the invoice date. The Organization does not charge interest or a finance charge on past due grant receivable accounts. The Organization estimates an allowance for doubtful grants receivable based upon historical trends, contractual obligations and ability to pay. Generally the Organization does not require collateral or other security to support the grants receivable. As of December 31, 2014 and 2013, management estimated the allowance for doubtful grants receivable to be \$-0-.

Property and Equipment, Net

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.

**NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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

Property and Equipment, Net (continued)

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.

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.

Deferred Revenue

The Organization received the first installment payment of \$22,500 before December 31, 2014 for a 2015 grant which is reflected as deferred revenue in the statement of net assets as of December 31, 2014. The Organization had no deferred revenue as of December 31, 2013.

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 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 years ended December 31, 2014 or 2013.

With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2011, and to state tax authorities for years before 2009.

The Organization has evaluated its tax positions for all open tax years. Based on the evaluation of the Organization tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain positions has been recorded for the years ended December 31, 2014 and 2013.

Reclassifications

Certain reclassifications have been made to the 2013 financial statements to conform to the presentation used in 2014.

**NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**NOTE B —PROPERTY AND EQUIPMENT, NET**

Property and equipment, net are composed of the following as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Computers and peripherals	\$ 71,018	\$ 66,617
Furniture and fixtures	5,534	5,534
Vehicles	<u>6,146</u>	<u>4,000</u>
	82,698	76,151
Less: Accumulated depreciation	<u>(70,739)</u>	<u>(63,727)</u>
	<u>\$ 11,959</u>	<u>\$ 12,424</u>

For the years ended December 31, 2014 and 2013, depreciation totaled \$7,012 and \$20,726.

**NOTE C – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Health education	\$ 17,719	\$ 19,231
Adult education	2,067	6,613
Youth	35,091	21,104
Social adjustment	<u>-</u>	<u>3,690</u>
	<u>\$ 54,877</u>	<u>\$ 50,638</u>

**NOTE C – IN-KIND DONATIONS**

The Organization has received non-cash contributions that are “in-kind” donations that, for the years ended December 31, 2014 and 2013, consist of rent of \$5,394 and \$10,938, respectively on an apartment which is utilized for holding various classes for refugees. For the year ended December 31, 2014, the Organization also received a vehicle with an estimated fair value of \$2,896 that is currently being utilized in daily operations. Volunteers also provided their time to assist with the various programs of the Organization. Those volunteer hours are captured as a requirement for one of the grants received. For the years ended December 31, 2014 and 2013 they totaled \$8,908 and \$-0- and are recorded as in-kind contributions and resettlement and placement costs in the statements of activities and functional expenses. This time is not captured for other grants due to the administrative burden required.

**NOTE D – OPERATING LEASES**

The Organization leases office space with monthly payments of \$2,960 maturing on December 14, 2016.

The Organization leased classroom space through December 31, 2014 for monthly payments of \$300. The facility was used for English classes and staff meetings.

**NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**NOTE D – OPERATING LEASES (CONTINUED)**

The Organization leases classroom space with monthly payments of \$50 maturing on June 30, 2016. The Organization also incurred additional expense for this space for changes made totaling \$7,500. This additional expense is amortized over the lease in the amount of \$500 per month. The facility will be used for various classes for the refugees.

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 \$5,394 and \$10,788 for the years ended December 31, 2014 and 2013, respectively.

Total rent expense was \$43,877 and \$41,750 for the years ending December 31, 2014 and 2013.

The future minimum lease payments are as follows:

<u>December 31:</u>	
2015	\$ 43,470
2016	<u>36,215</u>
	<u>\$ 79,685</u>

**NOTE E – RISKS, UNCERTAINTIES AND CONTINGENCIES**

The Organization may be subject in the future to credit risk to its cash and equivalents accounts, which are placed with high credit-quality financial institutions. The Federal Deposit Insurance Corporation (“FDIC”) offers coverage up to \$250,000 for substantially all depository accounts. As of December 31, 2014 and 2013, the Organization did not have any funds over the FDIC limit.

During the years ended December 31, 2014 and 2013 the Organization received \$390,425 and \$224,050, respectively, or 25% and 23%, respectively, of its revenue and support from the Ethiopian Community Development Council, Inc. While not anticipated, the loss of this source of revenue could impact the operations of the Organization. The expenses that would be incurred by the Organization to serve the refugees covered by this granting agency would also decrease.

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 received 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. The Organization contacted the grantor and received confirmation that since the Organization did not meet the typical threshold requiring an audit based on government auditing standards the grantor would waive this requirement in the grant agreement. Therefore, Management of the Organization has elected to continue to have the audit performed using generally accepted auditing standards.

**NASHVILLE INTERNATIONAL CENTER FOR EMPOWERMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**NOTE F – RELATED PARTY**

A relative of one of the employees provided child care services to refugees attending various classes offered by the Organization. During the year ended December 31, 2014 a total of \$6,547 was paid to this related party in the form of employee compensation. The child care services were not offered to refugees during the year ended December 31, 2013.

**NOTE G – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through March 18, 2015, which is the date the financial statements were available to be issued. Through this date, management has determined that the Organization did not have any material recognizable or non-recognizable subsequent events.