

CONEXIÓN AMÉRICAS

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

CONEXIÓN AMÉRICAS

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Joel D. Collum, Jr.
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Conexión Américas

Report on the Financial Statements

I have audited the accompanying financial statements of Conexión Américas (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Conexión Américas as of June 30, 2015 and 2014, 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.

Joel D. Colburn, Jr., CPA

Nashville, Tennessee
December 11, 2015

CONEXIÓN AMÉRICAS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 514,678	\$ 519,731
Government grant receivables	188,694	104,355
Contributions receivable	239,164	91,516
Loans receivable - Puertas Abiertas program, net	250,355	346,582
Investments	7,123	7,066
Property and equipment, net	4,851,013	5,048,144
Loan costs, net	11,941	19,901
	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 6,062,968</u></u>	<u><u>\$ 6,137,295</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable:	\$ 69,016	\$ 30,194
Accrued expenses	11,715	33,730
Notes payable:		
Puertas Abiertas program	532,216	653,222
Mortgage on building	1,467,664	1,788,500
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>2,080,611</u>	<u>2,505,646</u>
NET ASSETS		
Unrestricted	3,784,407	3,397,949
Temporarily restricted	197,950	233,700
	<u> </u>	<u> </u>
TOTAL NET ASSETS	<u>3,982,357</u>	<u>3,631,649</u>
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,062,968</u></u>	<u><u>\$ 6,137,295</u></u>

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

CONEXIÓN AMÉRICAS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<i>SUPPORT AND REVENUE</i>						
REVENUES:						
Fee for services	\$ 44,898	\$ -	\$ 44,898	\$ 38,988	\$ -	\$ 38,988
Interest	28,400	-	28,400	36,574	-	36,574
Dividends	254	-	254	220	-	220
Realized and unrealized gain (loss) on investments	(198)	-	(198)	975	-	975
Total Revenues	73,354	-	73,354	76,757	-	76,757
PUBLIC SUPPORT:						
Contributions	859,389	198,200	1,057,589	615,894	193,700	809,594
Government grants	399,571	-	399,571	318,822	-	318,822
Fundraising events	231,887	-	231,887	212,464	40,000	252,464
Temporarily restricted net assets released from restriction	233,950	(233,950)	-	421,191	(421,191)	-
Total Public Support	1,724,797	(35,750)	1,689,047	1,568,371	(187,491)	1,380,880
Total Support and Revenue	1,798,151	(35,750)	1,762,401	1,645,128	(187,491)	1,457,637
<i>RENTAL ACTIVITY</i>						
Rental income	306,128	-	306,128	237,268	-	237,268
Direct costs and expenses of rental property	(64,183)	-	(64,183)	(161,116)	-	(161,116)
Rental Activity, Net	241,945	-	241,945	76,152	-	76,152

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

CONEXIÓN AMÉRICAS
STATEMENTS OF ACTIVITIES - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<i>EXPENSES</i>						
Program services:						
Social and economic advancement programs	\$ 1,410,877	\$ -	\$ 1,410,877	\$ 1,061,184	\$ -	\$ 1,061,184
Management and general	133,338	-	133,338	116,025	-	116,025
Fundraising	109,423	-	109,423	96,219	-	96,219
 Total Expenses	 1,653,638	 -	 1,653,638	 1,273,428	 -	 1,273,428
 Change in net assets	 386,458	 (35,750)	 350,708	 447,852	 (187,491)	 260,361
 Net assets - beginning of year	 3,397,949	 233,700	 3,631,649	 2,950,097	 421,191	 3,371,288
 Net assets - end of year	 <u>\$ 3,784,407</u>	 <u>\$ 197,950</u>	 <u>\$ 3,982,357</u>	 <u>\$ 3,397,949</u>	 <u>\$ 233,700</u>	 <u>\$ 3,631,649</u>

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

CONEXIÓN AMÉRICAS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 350,708	\$ 260,361
Adjustments to reconcile change in net assets to net cash (used provided by operating activities:		
Depreciation	197,131	196,624
Amortization	7,960	7,960
Realized and unrealized gain on investments	198	(975)
Provision for uncollectible loans	(18,329)	(21,297)
Non cash contribution of investments	(254)	(220)
Restricted contributions for building	-	100,000
(Increase) decrease in:		
Government grant receivables	(84,339)	(63,578)
Contributions receivable	(147,649)	23,017
Other receivables	-	2,300
Increase (decrease) in :		
Accounts payable	38,822	(9,936)
Accrued expenses	(22,015)	(233)
Total Adjustments	(28,475)	233,662
Net Cash Provided (Used) By Operating Activities	322,233	494,023
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(62,710)
Principal repayments on housing down payment assistance loans	114,556	133,111
Net Cash Provided (Used) By Investing Activities	114,556	70,401
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments on housing down payment assistance loans	(121,006)	(140,471)
Principal repayments on mortgage	(320,836)	(300,000)
Net Cash Provided (Used) By Financing Activities	(441,842)	(440,471)
Net Increase (Decrease) in Cash and Cash Equivalents	(5,053)	123,953
Cash and Cash Equivalents - Beginning of Year	519,731	395,778
Cash and Cash Equivalents - End of Year	<u>\$ 514,678</u>	<u>\$ 519,731</u>
ADDITIONAL CASH FLOW INFORMATION:		
Interest expense paid	<u>\$ 76,237</u>	<u>\$ 116,322</u>

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

CONEXIÓN AMÉRICAS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015				2014			
	Social and Economic Advancement Programs	Management and General	Fundraising	Total	Social and Economic Advancement Programs	Management and General	Fundraising	Total
Salaries	\$ 465,325	\$ 63,963	\$ 42,204	\$ 571,492	\$ 365,997	\$ 43,604	\$ 34,243	\$ 443,844
Contract labor	7,000	-	-	7,000	6,728	-	-	6,728
Payroll taxes	36,088	4,961	3,273	44,322	28,383	3,381	2,656	34,420
Employee fringe benefits	12,761	1,754	1,157	15,672	13,303	1,585	1,245	16,133
Total payroll and related expenses	521,174	70,678	46,634	638,486	414,411	48,570	38,144	501,125
Provision for uncollectible loans	(18,329)	-	-	(18,329)	(15,615)	-	-	(15,615)
Advertising and promotion	11,963	-	630	12,593	3,588	-	189	3,777
Amortization expense	-	7,960	-	7,960	-	7,960	-	7,960
Automobile expense	881	-	-	881	701	-	-	701
Coffee expenses	9,141	-	-	9,141	14,722	-	-	14,722
DACA	128,750	-	-	128,750	-	-	-	-
Depreciation of equipment	44,030	7,863	524	52,417	43,983	7,854	524	52,361
Don't drink and drive campaign	34,994	-	-	34,994	26,551	-	-	26,551
Dues and subscriptions	7,397	1,305	-	8,702	8,595	1,517	-	10,112
Escalera	22,062	-	-	22,062	-	-	-	-
Family and Children's Services	150,000	-	-	150,000	147,680	-	-	147,680
Family Resource Center	-	-	-	-	4,165	-	-	4,165
Fundraising breakfast	-	-	35,060	35,060	-	-	33,097	33,097
Furniture, fixtures and equipment rental	714	127	9	850	2,725	487	32	3,244
Grantmakers Concerned With Immigrants and Refugees	39,943	-	-	39,943	-	-	-	-
Hispanic Heritage fundraising event	-	-	24,844	24,844	-	-	22,834	22,834
Insurance	2,731	482	-	3,213	2,984	526	-	3,510
Interest expense	20,647	-	-	20,647	40,288	-	-	40,288
Low income taxpayer clinic	-	-	-	-	375	-	-	375
Meals and entertainment	8,579	1,021	613	10,213	5,138	611	367	6,116
Miscellaneous expense	(1,497)	15,610	-	14,113	8,204	19,350	-	27,554
Office supplies and expense	19,642	3,466	-	23,108	12,899	2,276	-	15,175

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

CONEXIÓN AMÉRICAS
STATEMENTS OF FUNCTIONAL EXPENSES - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015				2014			
	Social and Economic Advancement Programs	Management and General	Fundraising	Total	Social and Economic Advancement Programs	Management and General	Fundraising	Total
Other program expenses	7,233	-	-	7,233	-	-	-	-
Parents as Partners campaign	25,186	-	-	25,186	45,617	-	-	45,617
Professional fees	-	18,848	-	18,848	-	22,735	-	22,735
Technology	17,397	2,047	1,023	20,467	16,032	1,886	943	18,861
Telephone	7,217	1,289	86	8,592	7,452	1,331	89	8,872
Training	9,992	-	-	9,992	14,606	-	-	14,606
Travel	13,868	2,642	-	16,510	4,843	922	-	5,765
Direct costs related to Casa Azafran facility:								
Administrative	\$ 327,162	\$ -	\$ -	\$ 327,162	\$ 251,240	\$ -	\$ -	\$ 251,240
Rental operations	64,183	-	-	64,183	161,116	-	-	161,116
Total Functional Expenses	1,475,060	133,338	109,423	1,717,821	1,222,300	116,025	96,219	1,434,544
Less rental expenses netted against revenues on the statement of activities	(64,183)	-	-	(64,183)	(161,116)	-	-	(161,116)
Total Expenses Reported Under Program and Supporting Services	<u>\$ 1,410,877</u>	<u>\$ 133,338</u>	<u>\$ 109,423</u>	<u>\$ 1,653,638</u>	<u>\$ 1,061,184</u>	<u>\$ 116,025</u>	<u>\$ 96,219</u>	<u>\$ 1,273,428</u>

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

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 - GENERAL

Conexión Américas (the "Agency") was organized as a Tennessee not-for-profit corporation in 2002 to help Hispanic families realize their aspirations for social and economic advancement by promoting their integration into the Middle Tennessee community.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements present the financial position and changes in net assets of the Agency on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Resources are classified as unrestricted, temporarily restricted and permanently restricted net assets, based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* are free of donor-imposed restrictions. All revenues, gains and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction.
- *Temporarily restricted net assets* are limited as to use by donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose.
- Permanently restricted net assets are amounts required by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations. The Agency had no permanently restricted net assets as of June 30, 2015 and 2014.

Contributions and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the Statement of Activities as net assets released from restrictions.

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions and Support - Continued

The Agency also receives certain grant revenue from the Federal government and the State of Tennessee. Grant revenues are recognized in the period a liability is incurred for eligible expenditures under the terms of the grant.

The Agency reports gifts of equipment or materials as unrestricted support unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are reported as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on these amounts is computed using the risk-free interest rate applicable to the year in which the promise is received (not applicable in 2015 and 2014). Conditional promises to give are not included as support until such time as the conditions are substantially met.

An allowance for uncollectible contributions is not provided based on management's estimate that all pledges are fully collectible. Unpaid pledges at June 30, 2015 are due during the next fiscal year.

Cash and Cash Equivalents

Cash and cash equivalents consist principally of checking and money market account balances maintained at a financial institution.

Investments

Investments consist of publicly-traded marketable securities and are reported at the quoted market value of the securities on the last business day of the reporting period. Donated securities are recorded initially as contributions based on their quoted market value at the date of gift. Changes in unrealized gains and losses are recognized in the Statement of Activities for the year .

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Loans Receivable

Loans are reported at the principal balance outstanding, net of an allowance for loan losses. Interest income is accrued on the unpaid principal balance. Past due status is determined based on the contractual terms of the note.

The accrual of interest is discontinued when a loan becomes 30 days past due according to the contractual terms of the note, or when management believes, after considering economic and business conditions and collection efforts, that the principal or interest will not be collectible in the normal course of business. All loans 30 days or more past due as of June 30, 2015 and 2014 were on non-accrual status. When a loan is placed on non-accrual status, previously accrued and uncollected interest is charged against interest income on loans. All payments on non-accrual loans are applied to the principal balance outstanding. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using historical loan loss experience, the nature and volume of the portfolio, information about specific borrower situations, estimated collateral values, and current economic conditions. The allowance consists of specific and general components. The specific component relates to loans where the underlying collateral properties have been foreclosed. Generally, loans in this category are either fully reserved as part of the allowance for loan losses, or are written off. The general component is based on historical loss experience adjusted for current factors. The entire allowance is available for any loan that, in management's judgment, should be charged off.

Property and Equipment

Property and equipment is reported at cost at the date of purchase or at estimated fair value at date of gift to the Agency. The Agency's policy is to capitalize purchases with a cost of \$1,000 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from three to seven years for equipment and forty years for buildings. Depreciation expense related to rental activity is included in the direct costs and the expenses of the rental property in the financial statements .

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Loan Costs

Loan costs are capitalized and amortized ratably over the term of the related loan. Amortization over the next three fiscal years is \$7,960 per year for 2015 through 2016 and \$3,981 for 2017.

Donated Goods and Services

Donated services are recognized as contributions if the services (1) create or enhance non-financial assets or (2) require specialized skills, are performed by the donor who possesses such skills, and would be purchased by the Agency if not provided by the donor. Such services are recognized at the estimated fair value as support and expense in the period the services are rendered .

Members of the Board of Directors have provided substantial time to the Agency 's programs and supporting services. The value of this contributed time is not reflected in these financial statements since it does not meet the criteria noted above.

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services

Social and Economic Advancement Programs - The Agency's programs provide direct services to Hispanic families seeking a better quality of life, while at the same time offering assistance to non-profit organizations, corporations and government institutions seeking to improve their understanding of and interaction with local Latino communities. The Agency offers to Hispanic families, information and referral services, referrals to pro bono legal services, financial literacy education and counseling, taxpayer assistance and assistance in the home-buying process. The Agency also offers other organizations Latino Cultural Competency Training, practical Spanish classes, English/Spanish translations, and support for applied research related to the Hispanic community.

Supporting Services

Management and General - relates to the overall direction of the organization. Activities include agency oversight, business management, recordkeeping, financing, board operations, and community planning and networking activities.

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Program and Supporting Services - Continued

Supporting Services - Continued

Fundraising - includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and creation and distribution of fundraising materials. These costs include staff time, materials and other related expenses.

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 non-financial data or reasonable subjective methods determined by management.

Fair Value Measurements

The Agency classifies its investments based on a hierarchy consisting of: Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market but for which observable market inputs are readily available), and Level 3 (securities valued based on significant unobservable inputs).

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Investments - Securities are classified within Level 1 where quoted market prices are available in an active market. Inputs include securities that have quoted market prices in active markets for identical assets. If quoted market prices are unavailable, fair value is estimated using quoted prices of securities with similar characteristics, and the securities are classified within Level 2. Securities without readily available market data are classified as Level 3.

No changes in the valuation methodologies have been made since the prior year.

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Measurements - Continued

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Agency believes its valuation methodologies are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Agency qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided.

The Agency files a U.S. federal Form 990 for organizations exempt from income tax and Form 990-T, an exempt organization business income tax return. In addition, the Agency files a Tennessee state Franchise and Excise Tax Return. The Agency's federal and state returns for years prior to 2012 are no longer open to examination.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Agency's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

Events Occurring after Reporting Date

The Agency has evaluated events and transactions that occurred between June 30, 2015 and December 11, 2015 the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015 AND 2014

NOTE 3 - LOANS RECEIVABLE

The Agency has established a program known as Puertas Abiertas to assist Hispanic families in the Middle Tennessee community in purchasing homes by providing down payment financing. Down payment assistance loans to homebuyers generally range from \$1,500 to \$10,000, with a maturity date of 10 years from the date of the loan, and bear interest at rates from 7.5% to 9.75%. These loans are secured by a second priority deed of trust on the property. The loans are also pledged as collateral on the related notes payable to other lending institutions (see Note 5).

Loans receivable consisted of the following at June 30:

	2015	2014
Loans receivable	\$ 298,042	\$ 412,598
Less: allowance for uncollectible loans	(47,687)	(66,016)
	<u>\$ 250,355</u>	<u>\$ 346,582</u>

Activity in the allowance for loan losses was as follows as of and for the year ended June 30:

	2015	2014
Allowance for loan losses:		
Beginning balance	\$ 66,016	\$ 87,313
Charge-offs	-	-
Recoveries	-	-
Provisions	(18,329)	(21,297)
Ending balance	<u>\$ 47,687</u>	<u>\$ 66,016</u>
Ending balance: individually evaluated for impairment	<u>\$ -</u>	<u>\$ -</u>
Ending balance: collectively evaluated for impairment	<u>\$ 47,687</u>	<u>\$ 66,016</u>
Loans:		
Ending balance	<u>\$ 298,042</u>	<u>\$ 412,598</u>
Ending balance: individually evaluated for impairment	<u>\$ -</u>	<u>\$ -</u>
Ending balance: collectively evaluated for impairment	<u>\$ 298,042</u>	<u>\$ 412,598</u>

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015 AND 2014

NOTE 3 - LOANS RECEIVABLE - CONTINUED

Annual principal maturities of down payment of down payment assistance loans are as follows as of June 30, 2015:

Year Ending June 30,	
2016	\$ 118,890
2017	90,311
2018	88,841
2019	-
	<u>298,042</u>
Less: allowance for uncollectible loans	<u>(47,687)</u>
Total	<u><u>\$ 250,355</u></u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	2015	2014
Building and land	\$ 5,028,198	\$ 5,028,198
Computer equipment	15,203	15,203
Office equipment	<u>424,953</u>	<u>424,953</u>
	5,468,354	5,468,354
Less accumulated depreciation	<u>(617,341)</u>	<u>(420,210)</u>
	<u><u>\$ 4,851,013</u></u>	<u><u>\$ 5,048,144</u></u>
Depreciation for the year	<u><u>\$ 197,131</u></u>	<u><u>\$ 196,624</u></u>

On December 29, 2011, the Agency purchased a building in Nashville, Tennessee for the purpose of establishing the Casa Azafran Community Center, a nonprofit collaborative committed to the social, economic and civic integration of immigrant families and other vulnerable communities in Davidson County. The Agency completed construction and relocated its operations to this facility in November 2012.

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015 AND 2014

NOTE 5 - LEASES

The Agency entered into a lease for the use of office equipment. The lease began June 23, 2011 and expires September 23, 2016 and has a fixed monthly payment of \$162. The rent paid on this lease for the year ended June 30, 2015 was \$1,944 (\$1,944 in 2014).

The future minimum lease payments required are as follows:

Year Ending June 30,	
2016	\$ 1,944
2017	486
Total	<u>\$ 2,430</u>

NOTE 6 - NOTES PAYABLE - PUERTAS ABIERTAS

In order to fund the down payment assistance loan program, the Agency has borrowing arrangements with certain lending sources. Notes payable under these arrangements were as follows as of June 30:

	2015	2014
The Housing Fund , Inc.	\$ 142,098	\$ 183,980
SunTrust Bank	272,469	311,512
Avenue Bank Note # 1	83,535	98,710
Avenue Bank Note #2	34,114	59,020
	<u>\$ 532,216</u>	<u>\$ 653,222</u>

The Housing Fund, Inc. (a Tennessee not-for-profit organization) agreed to loan the Agency up to \$500,000. The agreement is evidenced by a note, which mirrors the terms of and is secured by the Puertas Abiertas program loans receivable (see Note 3). The note matures upon the final due date of the related loans receivable and bears interest at the rate of 5%. Principal collections on the related loans receivable are required to be applied to the note payable.

SunTrust Bank agreed to loan the Agency up to \$650,000. The agreement is evidenced by a note, which mirrors the terms of and is secured by the Puertas Abiertas program loans receivable (see Note 3). The note matures upon the final due date of the related loans receivable and bears interest at the rate of 5.5%. Principal collections on the related loans receivable are required to be applied to the note payable.

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015 AND 2014

NOTE 6 - NOTES PAYABLE - PUERTAS ABIERTAS - CONTINUED

Avenue Bank agreed to loan the Agency up to \$197,427. The agreement is evidenced by a note (Avenue Bank Note #1) that requires monthly principal and interest (at 4.25%) payments of \$1,695 through March 2019. All remaining unpaid interest and principal is due April 2019. The note is secured by the Puertas Abiertas program loans receivable. The Agency has another obligation with Avenue Bank (Avenue Bank Note #2) requiring monthly payments of \$2,395 through October 2016 and bears interest at the rate of 4.25%. This note is secured by the Puertas Abiertas program loans receivable. (See Note 3.)

Annual principal maturities of notes payable as of June 30, 2015, are as follows:

Year Ending June 30,	
2016	\$ 161,154
2017	113,397
2018	113,397
2019	144,268
2020	-
Thereafter	-
Total	<u>\$ 532,216</u>

NOTE 7 - NOTE PAYABLE - BUILDING

In December 2011, the Agency obtained a \$2,388,500 mortgage that is secured by the underlying real estate and bears interest at the Lender's Index Rate, the interest rate at June 30, 2015 was 3%. Interest only payments are required on a monthly basis through January 1, 2015. Annual principal payments of \$300,000 are required on February 1, 2013, February 1, 2014 and February 1, 2015. Subsequent to February 1, 2015, the unpaid principal balance will be amortized over a 20-year period with a fixed monthly payment of principal and interest equal to the prevailing interest rate. The loan matures January 1, 2017.

Annual principal maturities of the building note payable as of June 30, 2015, are as follows :

Year Ending June 30,	
2016	\$ 65,064
2017	1,402,600
2018	-
Total	<u>\$ 1,467,664</u>

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015 AND 2014

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of June 30:

	<u>2015</u>	<u>2014</u>
United Way of Middle Tennessee:		
Information, referral and support services for		
Latino workers and their families	\$ 65,700	\$ 65,700
Contributions restricted for:		
Metro Park project	7,250	-
Programs for the following year	125,000	128,000
Special events for the following year	-	40,000
	<u>\$ 197,950</u>	<u>\$ 233,700</u>

NOTE 9 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Agency to concentrations of credit risk consist of cash and contributions receivable. Contributions receivable consist of corporate and foundation pledges receivable. At June 30, 2015 and 2014, contributions receivable from one source amounting to 38% and 72%, respectively of total contributions receivable. During 2015, approximately 32% of contribution revenue was received from four donors (29% of contribution revenue was received from three donors in 2014).

The Agency maintains cash accounts at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. As of June 30, 2015, the Agency's depositor accounts exceeded FDIC insurance limits by approximately \$184,929 (\$172,902 as of June 30, 2014). Subsequent to year end the Agency entered into an agreement with its primary financial institution to insure all of its deposits.

NOTE 10 - FAIR VALUE MEASUREMENTS

The following table sets forth the Agency' major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of June 30:

	<u>2015</u>			
	<u>Total</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Investments:				
Marketable securities	<u>\$ 7,123</u>	<u>\$ 7,123</u>	<u>\$ -</u>	<u>\$ -</u>

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015 AND 2014

NOTE 10 - FAIR VALUE MEASUREMENTS - CONTINUED

	2014			
	Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments:				
Marketable securities	\$ 7,066	\$ 7,066	\$ -	\$ -

NOTE 11 - DIRECT COSTS AND EXPENSES - CASA AZAFRAN COMMUNITY CENTER

The direct costs and expenses related to the portion of the Casa Azafran Community Center that is used by Conexión Américas is as follows for the year ending June 30, 2015:

Insurance	\$ 10,281
Maintenance	77,684
Event expenses	8,070
Mesa Komal expenses	19,039
Miscellaneous	7,515
Utilities	48,047
Property and other taxes	(10,394)
Interest	46,325
Depreciation	120,595
	<u>\$ 327,162</u>

A schedule of direct costs and expenses related to the rented portion of the Casa Azafran Community Center is as follows for the year ending June 30, 2015:

Insurance	\$ 2,056
Maintenance	15,537
Miscellaneous	71
Utilities	9,610
Property and other taxes	3,525
Interest	9,265
Depreciation	24,119
	<u>\$ 64,183</u>

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015 AND 2014

NOTE 12 - GOVERNMENT GRANTS

The agency received government grants during the year. However, the amount received was not enough to require an audit in accordance with government auditing standards. The following is a list of government grants earned during the year:

Governor's Highway Safety Office	\$ 132,771
U. S. Department of Health and Human Services	110,000
Tennessee Arts Commission	7,000
Metro Arts Commission	3,360
Metropolitan Government of Nashville and Davidson Co.:	
Operating Budget Allocation	100,000
Adult Literacy Program	46,440
	<u>\$ 399,571</u>