

CONEXIÓN AMÉRICAS

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

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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 Audits of the Financial Statements

Opinion

I have audited the accompanying financial statements of Conexión Américas (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Conexión Américas as of June 30, 2022 and 2021, 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.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Conexión Américas and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Conexión Américas's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing, I:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Conexión Américas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Conexión Américas's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

A handwritten signature in black ink that reads "Joel D. Collum, Jr., CPA". The signature is written in a cursive, flowing style.

Nashville, Tennessee
February 1, 2023

CONEXIÓN AMÉRICAS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 967,295	\$ 4,205,556
Government grant receivables	23,823	956,222
Contributions receivable	756,500	922,003
Investments	4,017,113	17,113
Property and equipment, net	4,760,531	4,940,890
TOTAL ASSETS	\$ 10,525,262	\$ 11,041,784

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 54,613	\$ 7,681
Accrued expenses	7,048	7,604
Notes payable:		
Puertas Abiertas program	-	155,267
Small Business Administration PPP loan	-	483,145
Parking lot loan	-	510,381
Mortgage on building	1,607,214	1,157,974
TOTAL LIABILITIES	1,668,875	2,322,052
NET ASSETS		
Without donor restrictions	8,099,887	7,797,729
With donor restrictions	756,500	922,003
TOTAL NET ASSETS	8,856,387	8,719,732
TOTAL LIABILITIES AND NET ASSETS	\$ 10,525,262	\$ 11,041,784

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

CONEXIÓN AMÉRICAS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<i>SUPPORT AND REVENUE</i>						
REVENUES:						
Fee for services	\$ 39,759	\$ -	\$ 39,759	\$ 19,130	\$ -	\$ 19,130
Interest	4,744	-	4,744	5,512	-	5,512
Dividends	-	-	-	199	-	199
Miscellaneous income	-	-	-	3,162	-	3,162
Realized and unrealized gain (loss) on investments	-	-	-	2,992	-	2,992
Total Revenues	44,503	-	44,503	30,995	-	30,995
PUBLIC SUPPORT:						
Contributions	1,487,891	241,500	1,729,391	2,937,004	732,000	3,669,004
Government grants	544,290	-	544,290	2,718,466	-	2,718,466
Fundraising events	261,450	-	261,450	397,292	-	397,292
Temporarily restricted net assets released from restriction	407,003	(407,003)	-	615,997	(615,997)	-
Total Public Support	2,700,634	(165,503)	2,535,131	6,668,759	116,003	6,784,762
Total Support and Revenue	2,745,137	(165,503)	2,579,634	6,699,754	116,003	6,815,757
<i>RENTAL ACTIVITY</i>						
Rental income	333,778	-	333,778	324,666	-	324,666
Direct costs and expenses of rental property	(416,100)	-	(416,100)	(372,182)	-	(372,182)
Rental Activity, Net	(82,322)	-	(82,322)	(47,516)	-	(47,516)

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

CONEXIÓN AMÉRICAS
STATEMENTS OF ACTIVITIES - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES						
Program services:						
Social and economic advancement programs	\$ 1,970,017	\$ -	\$ 1,970,017	\$ 4,132,915	\$ -	\$ 4,132,915
Management and general	261,033	-	261,033	282,408	-	282,408
Fundraising	129,607	-	129,607	127,352	-	127,352
 Total Expenses	 2,360,657	 -	 2,360,657	 4,542,675	 -	 4,542,675
 Change in net assets	 302,158	 (165,503)	 136,655	 2,109,563	 116,003	 2,225,566
 Net assets - beginning of year	 7,797,729	 922,003	 8,719,732	 5,688,166	 806,000	 6,494,166
 Net assets - end of year	 <u>\$ 8,099,887</u>	 <u>\$ 756,500</u>	 <u>\$ 8,856,387</u>	 <u>\$ 7,797,729</u>	 <u>\$ 922,003</u>	 <u>\$ 8,719,732</u>

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

CONEXIÓN AMÉRICAS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022				2021			
	Social and Economic Advancement Programs	Management and General	Fundraising	Total	Social and Economic Advancement Programs	Management and General	Fundraising	Total
Salaries	\$ 1,413,212	\$ 104,098	\$ 59,935	\$ 1,577,245	\$ 1,974,487	\$ 145,907	\$ 81,608	\$ 2,202,002
Contract labor	425	-	-	425	-	-	-	-
Payroll taxes	117,620	8,664	4,989	131,273	152,530	11,272	6,304	170,106
Employee fringe benefits	40,551	3,189	1,823	45,563	65,351	4,829	2,701	72,881
Total payroll and related expenses	1,571,808	115,951	66,747	1,754,506	2,192,368	162,008	90,613	2,444,989
Advertising and promotion	5,050	-	2,480	7,530	3,540	-	186	3,726
Automobile expense	-	-	-	-	190	-	-	190
Depreciation of equipment	19,207	3,162	227	22,596	18,981	3,390	226	22,597
Dues and subscriptions	7,881	975	-	8,856	8,111	1,431	-	9,542
Insurance	14,895	1,842	-	16,737	7,721	1,362	-	9,083
Interest expense	2,677	15,177	-	17,854	6,544	20,010	-	26,554
Meals and entertainment	6,602	-	-	6,602	2,929	349	209	3,487
Miscellaneous expense	-	16,409	-	16,409	-	15,000	-	15,000
Office supplies and expense	31,086	7,380	4,922	43,388	24,690	4,357	-	29,047
Professional fees	15,252	90,376	-	105,628	-	68,776	-	68,776
Provision for uncollectible loans	-	-	-	-	4,940	-	-	4,940
Technology	20,211	2,507	1,070	23,788	17,405	2,048	1,023	20,476
Telephone	23,671	2,749	829	27,249	20,591	3,677	245	24,513
Training	36,045	4,505	4,506	45,056	13,301	-	-	13,301
Program expenses:								
COVID 19 and tornado relief	6,335	-	-	6,335	1,438,165	-	-	1,438,165
Escalera	36,244	-	-	36,244	36,542	-	-	36,542
Family and Children's Services	30,000	-	-	30,000	115,000	-	-	115,000
Mesa Komal	46,313	-	-	46,313	41,351	-	-	41,351
Mosaic Fellowship	-	-	-	-	21,854	-	-	21,854
Parents as Partners	19,333	-	-	19,333	12,891	-	-	12,891

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

CONEXIÓN AMÉRICAS
STATEMENTS OF FUNCTIONAL EXPENSES - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022				2021			
	Social and Economic Advancement Programs	Management and General	Fundraising	Total	Social and Economic Advancement Programs	Management and General	Fundraising	Total
Program expenses (continued):								
Migrant education	17,713	-	-	17,713	64,266	-	-	64,266
Other program expenses	59,694	-	-	59,694	81,535	-	-	81,535
Fundraising expenses:								
Coffee expenses	-	-	2,155	2,155	-	-	5,323	5,323
Fundraising breakfast	-	-	41,522	41,522	-	-	15,803	15,803
Hispanic Heritage fundraising event	-	-	5,149	5,149	-	-	13,724	13,724
Direct costs related to Casa Azafran facility:								
Operating	416,100	-	-	416,100	372,182	-	-	372,182
Total Functional Expenses	2,386,117	261,033	129,607	2,776,757	4,505,097	282,408	127,352	4,914,857
Less rental expenses netted against revenues on the statement of activities	(416,100)	-	-	(416,100)	(372,182)	-	-	(372,182)
Total Expenses Reported Under Program and Supporting Services	<u>\$ 1,970,017</u>	<u>\$ 261,033</u>	<u>\$ 129,607</u>	<u>\$ 2,360,657</u>	<u>\$ 4,132,915</u>	<u>\$ 282,408</u>	<u>\$ 127,352</u>	<u>\$ 4,542,675</u>

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

CONEXIÓN AMÉRICAS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 136,655	\$ 2,225,566
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	180,359	180,359
Realized and unrealized gain on investments	-	(2,992)
Provision for uncollectible loans	-	4,940
Non cash contribution of investments	-	(413)
Forgiveness of SBA PPP loan	(483,145)	(493,145)
(Increase) decrease in:		
Government grant receivables	932,399	(310,051)
Contributions receivable	165,503	(116,003)
Increase (decrease) in :		
Accounts payable	46,932	(25,041)
Accrued expenses	(556)	28
Total Adjustments	841,492	(762,318)
Net Cash Provided (Used) By Operating Activities	978,147	1,463,248
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(4,000,000)	-
Net Cash Provided (Used) By Investing Activities	(4,000,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new loan - mortgage on building	1,616,098	-
Proceeds from new loan - SBA PPP loan	-	483,145
Principal repayments on housing down payment assistance loan payable	(155,401)	(32,286)
Principal repayments installment loan for the lot	(510,381)	(27,041)
Principal repayments on mortgage	(1,166,724)	(52,826)
Net Cash Provided (Used) By Financing Activities	(216,408)	370,992
Net Increase (Decrease) in Cash and Cash Equivalents	(3,238,261)	1,834,240
Cash and Cash Equivalents - Beginning of Year	4,205,556	2,371,316
Cash and Cash Equivalents - End of Year	\$ 967,295	\$ 4,205,556
SUPPLEMENTAL INFORMATION AND NON-CASH INVESTING AND FINANCING ACTIVITIES		
Interest expense paid	\$ 61,747	\$ 71,709

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

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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. The Agency's mission is to build a welcoming community and create opportunities where Latino families can belong, contribute and succeed.

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 net assets without donor restrictions and net assets with donor restrictions, based on the existence or absence of donor-imposed restrictions.

Contributions and Support

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions are considered to be available without donor restrictions unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as support with donor restrictions as that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

The Agency also receives certain grant revenue from the Metropolitan Government of Nashville and Davidson County, the State of Tennessee and Metro Nashville Public Schools. 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 support without donor restrictions 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 support with donor restrictions. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

The Agency reports restricted contributions whose restrictions are met in the period that they are received as contributions without donor restrictions.

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions and Support - Continued

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 2022 and 2021). 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, 2022 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 primarily of various short-term U.S. Treasury investments and Investment grade Corporate Bonds. Because management intends to hold these investments to maturity, they are reported at cost.

Additionally, there are a small amount of donated securities which are recorded at fair market value.

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 .

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.

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 Agency. Activities include agency oversight, business management, recordkeeping, financing, board operations, and community planning and networking activities.

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.

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

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.

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.

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes - Continued

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 2019 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, 2022 and February 1, 2023 the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 - PROPERTY AND EQUIPMENT

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

	2022	2021
Building	\$ 5,190,482	\$ 5,190,482
Land	1,039,160	1,039,160
Computer equipment	92,566	92,566
Office equipment	432,751	432,751
	<u>6,754,959</u>	<u>6,754,959</u>
Less accumulated depreciation	<u>(1,994,428)</u>	<u>(1,814,069)</u>
	<u><u>\$ 4,760,531</u></u>	<u><u>\$ 4,940,890</u></u>
Depreciation for the year	<u><u>\$ 180,359</u></u>	<u><u>\$ 180,359</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, 2022 AND 2021

NOTE 4 - PROPERTY AND EQUIPMENT - CONTINUED

On March 15, 2017 the Agency purchased a piece of property two doors down from Casa Azafran. While there are no immediate plans for the property, other than using it for excess parking needs, the board considered the purchase to be a worthwhile investment for the future.

NOTE 5 - LEASES

The Agency entered into a lease for the use of office equipment. The lease began December 8, 2015 and expired December 8, 2020 and has a fixed monthly payment of \$192. The lease was converted to a month to month lease on December 8, 2020. The rent paid on this lease for the year ended June 30, 2022 was \$2,304 (\$2,304 in 2021).

NOTE 6 - EMPLOYEE BENEFIT PLAN

The Agency sponsors a 403(b) retirement plan which is administered by Mutual of America. Employees are allowed to make contributions to the plan on a pre-tax basis up to the limits set by IRS regulations. The Agency does not match employee contributions to the plan.

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 loan matured January 1, 2017 and was renewed on March 15, 2017. That renewal matured March 15, 2022. On April 7, 2022 the loan was renewed again and bears interest at the rate of 4.00%. Monthly payments of \$9,844 are required through March 7, 2027. The loan matures April 7, 2027 and the remaining balance is due and payable on that date.

	<u>2022</u>	<u>2021</u>
Pinnacle Bank	<u>\$ 1,607,214</u>	<u>\$ 1,157,974</u>

Annual principal maturities of the building note payable as of June 30, 2022, are as follows :

Year Ending June 30,	
2023	\$ 53,932
2024	55,990
2025	58,474
2026	6,089
2027	1,432,729
Total	<u>\$ 1,607,214</u>

NOTE 8 - NOTES PAYABLE - SMALL BUSINESS ADMINISTRATION LOAN

On April 12, 2021, the Agency obtained a Small Business Administration Paycheck Protection Program Loan in the amount of \$483,145 from Pinnacle Bank. This note was forgiven in 2021.

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 9 - NOTES PAYABLE - PUERTAS ABIERTAS

On January 24, 2017, the Agency obtained a \$352,213 note from Pinnacle Bank that is unsecured and bears interest at the Wall Street Journal Prime, the interest rate at June 30, 2021 was 0.00%. This note was used to pay off the notes that were originally used to finance a down payment assistance program. The loan was paid in full through the refinancing of the mortgage loan as described in Note 7.

	<u>2022</u>	<u>2021</u>
Pinnacle Bank	<u>\$ -</u>	<u>\$ 155,267</u>

NOTE 10 - NOTE PAYABLE - PARKING LOT

On March 15, 2017 the Agency obtained a \$607,500 loan as part of the purchase of a nearby lot that is to be used for additional parking. The loan is secured by the underlying real estate and bears interest at the rate of 3.75%. The loan was paid in full through the refinancing of the mortgage loan as described in Note 7.

	<u>2022</u>	<u>2021</u>
Pinnacle Bank	<u>\$ -</u>	<u>\$ 510,381</u>

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
United Way of Middle Tennessee:		
Information, referral and support services for		
Latino workers and their families	\$ -	\$ 40,003
Contributions restricted for:		
Programs for the following year	756,500	882,000
	<u>\$ 756,500</u>	<u>\$ 922,003</u>

NOTE 12 - 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, 2022, contributions receivable from one source amounted to 53% of total contributions receivable (43% from one source was receivable at June 30, 2021). During 2022, approximately 34% of contribution revenue was received from two donors (33% of contribution revenue was received from two donors in 2021).

Additionally, the Agency receives a substantial amount of support from grants. A reduction in such support, should it occur, would have a significant effect on activities and programs.

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 12 - CONCENTRATIONS OF CREDIT RISK - CONTINUED

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, 2022, the Agency's depositor accounts exceeded FDIC insurance limits by approximately \$579,532 (\$3,819,982 as of June 30, 2021). The Agency has entered into an agreement with its primary financial institution to insure all of its deposits.

NOTE 13 - FAIR VALUE MEASUREMENTS

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

		2022			
		Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments:					
Marketable securities		\$ 17,113	\$ 17,113	\$ -	\$ -
Bonds		4,000,000	-	4,000,000	-
		<u>\$ 4,017,113</u>	<u>\$ 17,113</u>	<u>\$ 4,000,000</u>	<u>\$ -</u>
		2021			
		Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments:					
Marketable securities		<u>\$ 17,113</u>	<u>\$ 17,113</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 14 - PROMISES TO GIVE

Unconditional promises to give consist of the following:

	2022	2021
United Way of Middle Tennessee:		
Information, referral and support services for		
Latino workers and their families	\$ -	\$ 40,003
Contributions restricted for:		
Programs for the following year	756,500	882,000
	<u>\$ 756,500</u>	<u>\$ 922,003</u>
Amounts due in:		
Less than one year	\$ 756,500	\$ 847,003
One to five years	-	75,000
Over five years	-	-
	<u>\$ 756,500</u>	<u>\$ 922,003</u>

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 15 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Agency's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes.

	<u>2022</u>	<u>2021</u>
Financial assets at year-end	\$ 5,764,731	\$ 6,100,894
Less those unavailable for general expenditures within one year due to:		
Reserved for net assets with donor restrictions	(756,500)	(922,003)
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 5,008,231</u></u>	<u><u>\$ 5,178,891</u></u>