CONEXIÓN AMÉRICAS

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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, 2019 and 2018, 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, 2019 and 2018, 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.

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Other Matters

Other Information

As discussed in the Notes to the Financial Statements, in 2019, Conexión Américas adopted Financial Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. My opinion is not modified with respect to this matter.

Joel D. Collum, Jr., CPA

Nashville, Tennessee
February 8, 2020

CONEXIÓN AMÉRICAS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS

	2019	2018
ASSETS		
Cash and cash equivalents	$ 1,872,006	$ 2,217,234
Government grant receivables	829,913	525,536
Contributions receivable	491,002	290,500
Loans receivable - Puertas Abiertas program, net	6,970	51,991
Investments	13,624	10,662
Deferred costs	237,817	354,820
Property and equipment, net	5,319,339	5,511,025
TOTAL ASSETS	$ 8,770,671	$ 8,961,768

LIABILITIES AND NET ASSETS

	2019	2018
LIABILITIES		
Accounts payable	$ 63,414	$ 338,556
Accrued expenses	18,329	10,468
Notes payable:		
Puertas Abiertas program	270,886	293,540
Parking lot loan	559,955	581,578
Mortgage on building	1,265,218	1,313,921
TOTAL LIABILITIES	2,177,802	2,538,063
NET ASSETS		
Without donor restrictions	4,658,689	5,089,108
With donor restrictions	1,934,180	1,334,597
TOTAL NET ASSETS	6,592,869	6,423,705
TOTAL LIABILITIES AND NET ASSETS	$ 8,770,671	$ 8,961,768

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

CONEXIÓN AMÉRICAS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
REVENUES:						
Fee for services	$ 30,950	$ -	$ 30,950	$ 30,802	$ -	$ 30,802
Interest	9,748	-	9,748	11,074	-	11,074
Dividends	221	-	221	252	-	252
Realized and unrealized gain (loss) on investments	2,741	-	2,741	738	-	738
Total Revenues	43,660	-	43,660	42,866	-	42,866
PUBLIC SUPPORT:						
Contributions	1,040,125	1,824,215	2,864,340	193,875	2,587,235	2,781,110
Government grants	1,619,299	-	1,619,299	1,204,663	-	1,204,663
Fundraising events	346,907	-	346,907	1,135,324	-	1,135,324
Temporarily restricted net assets released from restriction	1,224,632	(1,224,632)	-	2,558,500	(2,558,500)	-
Total Public Support	4,230,963	599,583	4,830,546	5,092,362	28,735	5,121,097
Total Support and Revenue	4,274,623	599,583	4,874,206	5,135,228	28,735	5,163,963
RENTAL ACTIVITY						
Rental income	335,704	-	335,704	337,517	-	337,517
Direct costs and expenses of rental property	-	-	-	-	-	-
Rental Activity, Net	335,704	-	335,704	337,517	-	337,517

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

CONEXIÓN AMÉRICAS
STATEMENTS OF ACTIVITIES - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES						
Program services:						
Social and economic advancement programs	$ 4,604,482	$ -	$ 4,604,482	$ 4,808,123	$ -	$ 4,808,123
Management and general	217,995	-	217,995	191,381	-	191,381
Fundraising	218,269	-	218,269	208,021	-	208,021
Total Expenses	5,040,746	-	5,040,746	5,207,525	-	5,207,525
Change in net assets	(430,419)	599,583	169,164	265,220	28,735	293,955
Net assets - beginning of year	5,089,108	1,334,597	6,423,705	4,823,888	1,305,862	6,129,750
Net assets - end of year	$ 4,658,689	$ 1,934,180	$ 6,592,869	$ 5,089,108	$ 1,334,597	$ 6,423,705

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

CONEXIÓN AMÉRICAS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 169,164	$ 293,955
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	216,673	216,650
Realized and unrealized gain on investments	(2,741)	(738)
Provision for uncollectible loans	28,075	15,360
Non cash contribution of investments	(221)	(1,877)
(Increase) decrease in:		
Government grant receivables	(304,377)	(168,074)
Contributions receivable	(200,502)	124,500
Deferred costs	117,003	(354,820)
Increase (decrease) in :		
Accounts payable	(275,142)	214,019
Accrued expenses	7,861	(23,702)
Total Adjustments	(413,371)	21,318
Net Cash Provided (Used) By Operating Activities	(244,207)	315,273
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(24,987)	(10,421)
Principal repayments received on housing down payment assistance loans receivable	16,946	33,975
Net Cash Provided (Used) By Investing Activities	(8,041)	23,554
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments on housing down payment assistance loan payable	(22,654)	(43,710)
Principal repayments installment loan for the lot	(21,623)	(20,871)
Principal repayments on mortgage	(48,703)	(47,008)
Net Cash Provided (Used) By Financing Activities	(92,980)	(111,589)
Net Increase (Decrease) in Cash and Cash Equivalents	(345,228)	227,238
Cash and Cash Equivalents - Beginning of Year	2,217,234	1,989,996
Cash and Cash Equivalents - End of Year	$ 1,872,006	$ 2,217,234
SUPPLEMENTAL INFORMATION AND NON-CASH INVESTING AND FINANCING ACTIVITIES		
Interest expense paid	$ 81,673	$ 85,789

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

CONEXIÓN AMÉRICAS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019				2018			
	Social and Economic Advancement Programs	Management and General	Fundraising	Total	Social and Economic Advancement Programs	Management and General	Fundraising	Total
Salaries	$ 1,751,125	$ 130,631	$ 104,932	$ 1,986,688	$ 1,507,097	$ 96,212	$ 107,555	$ 1,710,864
Payroll taxes	135,451	10,104	8,117	153,672	117,767	7,518	8,405	133,690
Employee fringe benefits	74,229	5,537	4,448	84,214	72,259	4,613	5,157	82,029
Total payroll and related expenses	1,960,805	146,272	117,497	2,224,574	1,697,123	108,343	121,117	1,926,583
Advertising and promotion	21,512	-	1,132	22,644	10,611	-	558	11,169
Automobile expense	803	-	-	803	1,681	-	-	1,681
Depreciation of equipment	49,485	8,837	589	58,911	49,914	8,913	594	59,421
Dues and subscriptions	7,897	1,393	-	9,290	7,854	1,386	-	9,240
Executive director search	-	7,693	-	7,693	-	-	-	-
Insurance	21,348	3,768	-	25,116	19,532	3,447	-	22,979
Interest expense	10,587	21,810	-	32,397	12,255	22,562	-	34,817
Meals and entertainment	12,460	1,483	890	14,833	11,317	1,347	809	13,473
Miscellaneous expense	52,382	(5,700)	-	46,682	-	16,700	-	16,700
Office supplies and expense	25,914	4,573	-	30,487	21,944	3,814	-	25,758
Professional fees	-	19,279	-	19,279	-	17,524	-	17,524
Provision for uncollectible loans	28,075	-	-	28,075	15,360	-	-	15,360
Repairs and maintenance	255	30	15	300	-	-	-	-
Technology	23,640	2,781	1,391	27,812	20,098	2,365	1,182	23,645
Telephone	17,613	3,145	210	20,968	15,489	2,766	185	18,440
Training	28,949	-	-	28,949	23,614	-	-	23,614
Travel	13,810	2,631	-	16,441	11,938	2,274	-	14,212
Program expenses:								
Art Place in America	113,407	-	-	113,407	50,984	-	-	50,984
Don't drink and drive campaign	35	-	-	35	4,243	-	-	4,243
Education policy	484,055	-	-	484,055	754,388	-	-	754,388
Escalera	49,109	-	-	49,109	48,801	-	-	48,801
Family and Children's Services	115,000	-	-	115,000	115,000	-	-	115,000

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

CONEXIÓN AMÉRICAS
STATEMENTS OF FUNCTIONAL EXPENSES - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019				2018			
	Social and Economic Advancement Programs	Management and General	Fundraising	Total	Social and Economic Advancement Programs	Management and General	Fundraising	Total
Program expenses (continued):								
Mesa Komal	38,529	-	-	38,529	27,161	-	-	27,161
Mosaic Fellowship	168,967	-	-	168,967	117,247	-	-	117,247
Parents as Partners	22,214	-	-	22,214	40,144	-	-	40,144
Park	285,767	-	-	285,767	895,008	-	-	895,008
Placemaking	312	-	-	312	3,706	-	-	3,706
Migrant education	509,192	-	-	509,192	358,763	-	-	358,763
Other program expenses	126,595	-	-	126,595	55,039	-	-	55,039
Fundarising expenses:								
Coffee expenses	-	-	5,593	5,593	-	-	5,789	5,789
Fundraising breakfast	-	-	57,294	57,294	-	-	49,255	49,255
Hispanic Heritage fundraising event	-	-	33,658	33,658	-	-	28,532	28,532
Direct costs related to Casa Azafran facility:								
Operating	415,765	-	-	415,765	418,849	-	-	418,849
Total Functional Expenses	4,604,482	217,995	218,269	5,040,746	4,808,063	191,441	208,021	5,207,525
Less rental expenses netted against revenues on the statement of activities	-	-	-	-	-	-	-	-
Total Expenses Reported Under Program and Supporting Services	$ 4,604,482	$ 217,995	$ 218,269	$ 5,040,746	$ 4,808,063	$ 191,441	$ 208,021	$ 5,207,525

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

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 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 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 Federal government, 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.

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 2019 and 2018). 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, 2019 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 .

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, 2019 and 2018 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 uncollectability 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 .

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.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Program and Supporting Services

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

Program Services

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.

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).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Measurements - continued

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.

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 2016 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Events Occurring after Reporting Date

The Agency has evaluated events and transactions that occurred between June 30, 2019 and February 8, 2020 the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

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.

Loans receivable consisted of the following at June 30:

	2019	2018
Loans receivable	$ 69,705	$ 86,651
Less: allowance for uncollectible loans	(62,735)	(34,660)
	$ 6,970	$ 51,991

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

	2019	2018
Allowance for loan losses:		
Beginning balance	$ 34,660	$ 19,300
Charge-offs	-	-
Recoveries	-	-
Provisions	28,075	15,360
Ending balance	$ 62,735	$ 34,660
Ending balance: individually evaluated for impairment	$ -	$ -
Ending balance: collectively evaluated for impairment	$ 62,735	$ 34,660
Loans:		
Ending balance	$ 69,705	$ 86,651
Ending balance: individually evaluated for impairment	$ -	$ -
Ending balance: collectively evaluated for impairment	$ 69,705	$ 86,651

NOTE 4 - PROPERTY AND EQUIPMENT

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

	2019	2018
Building	$ 5,190,482	$ 5,190,482
Land	1,039,160	1,039,160
Computer equipment	92,566	92,566
Office equipment	432,751	409,440
	6,754,959	6,731,648
Less accumulated depreciation	(1,435,620)	(1,220,623)
	$ 5,319,339	$ 5,511,025
Depreciation for the year	$ 216,673	$ 216,650

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.

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 expires December 8, 2020 and has a fixed monthly payment of $192. The rent paid on this lease for the year ended June 30, 2019 was $2,304 ($2,304 in 2018).

The future minimum lease payments required are as follows:

Year Ending June 30,	
2020	$ 2,304
2021	1,152
Total	$ 3,456

NOTE 6 - NOTES PAYABLE - PUERTAS ABIERTAS

On January 24, 2018, 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, 2019 was 1.50% (1.00% at June 30, 2018). This note was used to pay off the notes that were originally used to finance the down payment assistance program. Monthly payments of $2,935 are required through December 24, 2021. The loan matures January 24, 2022 and the remaining balance is due and payable on that date. Because the loan has a below market stated interest rate, interest of $6,825 ($10,298 for the year ended June 30, 2018) was imputed on the loan based on the interest rate that the Agency is paying on its other loans to Pinnacle Bank.

	2019	**2018**
Pinnacle Bank	$ 270,886	$ 293,540

Annual principal maturities of the note payable as of June 30, 2019, are as follows:

Year Ending June 30,	
2020	$ 35,221
2021	35,221
2022	200,444
Total	$ 270,886

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. On March 15, 2017 the loan was renewed and bears interest at the rate of 3.75%. Monthly payments of $8,165 are required through February 15, 2022. The loan matures March 15, 2022 and the remaining balance is due and payable on that date.

	2019	**2018**
Pinnacle Bank	$ 1,265,218	$ 1,313,921

Annual principal maturities of the building note payable as of June 30, 2019, are as follows :

Year Ending June 30,	
2020	$ 50,172
2021	52,138
2022	1,162,908
Total	$ 1,265,218

NOTE 8 - NOTE PAYABLE - PARKING LOT

On March 15, 2018 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%. Monthly payments of $3,619 are required through February 15, 2022. The loan matures March 15, 2022 and the remaining balance is due and payable on that date.

	2019	2018
Pinnacle Bank	$ 559,955	$ 581,578

Annual principal maturities of the building note payable as of June 30, 2019, are as follows :

Year Ending June 30,	
2020	$ 22,215
2021	23,087
2022	514,653
Total	$ 559,955

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

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

	2019	2018
United Way of Middle Tennessee:		
Information, referral and support services for Latino workers and their families	$ 120,002	$ 100,000
Contributions restricted for:		
Programs for the following year	371,000	190,500
Education Policy	1,443,178	1,044,097
	$ 1,934,180	$ 1,334,597

NOTE 10 - 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, 2019, contributions receivable from one source amounted to 56% of total contributions receivable (34% from one source was receivable at June 30, 2018). During 2019, approximately 46% of contribution revenue was received from three donors (47% of contribution revenue was received from three donors in 2018).

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.

NOTE 10 - 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, 2019, the Agency's depositor accounts exceeded FDIC insurance limits by approximately $1,802,899 ($1,824,016 as of June 30, 2018). The Agency has entered into an agreement with its primary financial institution to insure all of its deposits.

NOTE 11 - 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:

	2019			
	Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments:				
Marketable securities	$ 13,624	$ 13,624	$ -	$ -

	2018			
	Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments:				
Marketable securities	$ 10,662	$ 10,662	$ -	$ -

NOTE 12 - COMMITMENT AND DEFERRED COSTS

During 2017 the Agency entered into an agreement for the construction of Azafran Park next to the Agency. This park will be owned and managed by the City of Nashville's Department of Parks and Recreation.

At year-end the amount expended on the part of the Agency exceeded the revenue that it had received. Since the Park will not be an asset of the Agency management elected to classify the total of the excess expenditures as deferred cost on the statement of financial position. The Agency received $28,057 in revenue for the Park and had expenditures totaling $285,767 for the Park during 2019.

NOTE 13 - 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 14 - NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016, the FASB issued ASU 2016-14, Not-for- Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The Board has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Board's financial statements:

The changes have the following effect on net assets at June 30, 2018:

	As Originally Presented	After Adoption ASU 2016-14
Unrestricted net assets	$ 5,089,108	$ -
Temporarily restricted net assets	1,334,597	-
Without donor restrictions	-	5,089,108
With donor restrictions	-	1,334,597
	$ 6,423,705	$ 6,423,705

NOTE 15 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Board'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.

	2019	2018
Financial assets at year-end	$ 3,213,515	$ 3,095,923
Less those unavailable for general expenditures within one year due to:		
Reserved for net assets with donor restrictions	(1,934,180)	(1,334,597)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,279,335	$ 1,761,326

NOTE 16 - SUBSEQUENT EVENTS

The financial support that has supported the Education Policy program at the Agency over the last few years will terminate at the end of 2019. As such the Agency will experience a significant reduction to their overall operating budget. While the Agency is preparing to absorb the losses in such funding, the impact on overall organizational operations could be meaningful.