

CONEXIÓN AMÉRICAS
NASHVILLE, TENNESSEE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2010 AND 2009

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Conexión Américas
Nashville, Tennessee

We have audited the accompanying statements of financial position of Conexión Américas (the "Agency"), a Tennessee not-for-profit corporation, as of June 30, 2010 and 2009, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Conexión Américas as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

KraftCPAs PLLC

Nashville, Tennessee
March 9, 2011

CONEXIÓN AMÉRICAS

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 291,396	\$ 109,316
Grants and other receivables	48,077	68,678
Contributions receivable	218,952	72,193
In-kind software contribution receivable	40,771	-
Loans receivable, net - Notes 2 and 4	925,302	1,165,002
Investments	2,265	1,040
Equipment, net - Note 3	2,793	2,216
Other assets	1,600	1,600
Cash with donor restrictions for long-term purposes	<u>457,000</u>	<u>200,000</u>
TOTAL ASSETS	<u>\$ 1,988,156</u>	<u>\$ 1,620,045</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 75	\$ 5,340
Accrued expenses	6,807	4,942
Notes payable - Note 4	<u>1,159,219</u>	<u>1,290,604</u>
TOTAL LIABILITIES	<u>1,166,101</u>	<u>1,300,886</u>
<u>NET ASSETS</u>		
Unrestricted (deficit)	32,955	(6,488)
Temporarily restricted - Note 5	<u>789,100</u>	<u>325,647</u>
TOTAL NET ASSETS	<u>822,055</u>	<u>319,159</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,988,156</u>	<u>\$ 1,620,045</u>

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

CONEXIÓN AMÉRICAS

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT AND REVENUE			
Revenues:			
Fee for services	\$ 33,171	\$ -	\$ 33,171
Interest	91,832	-	91,832
Realized and unrealized loss on investments	(413)	-	(413)
Total Revenues	124,590	-	124,590
Public Support:			
Contributions	170,849	567,433	738,282
Government grants	212,310	-	212,310
Fundraising events	135,255	30,000	165,255
Temporarily restricted net assets released from restriction	133,980	(133,980)	-
Total Public Support	652,394	463,453	1,115,847
TOTAL SUPPORT AND REVENUE	776,984	463,453	1,240,437
EXPENSES			
Program services:			
Social and economic advancement programs	602,374	-	602,374
Management and general	60,838	-	60,838
Fundraising	74,329	-	74,329
TOTAL EXPENSES	737,541	-	737,541
CHANGE IN NET ASSETS	39,443	463,453	502,896
NET ASSETS - BEGINNING OF YEAR	(6,488)	325,647	319,159
NET ASSETS - END OF YEAR	\$ 32,955	\$ 789,100	\$ 822,055

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

2009		
UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
\$ 68,675	\$ -	\$ 68,675
98,622	-	98,622
(1,101)	-	(1,101)
166,196	-	166,196
22,770	86,497	109,267
149,300	-	149,300
194,731	85,900	280,631
86,750	(86,750)	-
453,551	85,647	539,198
619,747	85,647	705,394
464,610	-	464,610
56,909	-	56,909
110,797	-	110,797
632,316	-	632,316
(12,569)	85,647	73,078
6,081	240,000	246,081
\$ (6,488)	\$ 325,647	\$ 319,159

CONEXIÓN AMÉRICAS

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 502,896	\$ 73,078
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,022	1,170
Realized and unrealized loss on investments	413	1,101
Provision for uncollectible loans	113,495	23,808
Noncash contribution of investments	(1,638)	-
In-kind software contribution receivable	(40,771)	-
Restricted contributions for long-term purposes	(257,000)	-
(Increase) decrease in:		
Grants and other receivables	20,601	(58,063)
Contributions receivable	(146,759)	(32,193)
Increase (decrease) in:		
Accounts payable	(5,265)	(2,435)
Accrued expenses	1,865	4,703
Refundable grantor advances	-	(17,214)
TOTAL ADJUSTMENTS	(314,037)	(79,123)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	188,859	(6,045)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(1,599)	-
Housing downpayment assistance loans made	-	(187,300)
Principal repayments on housing downpayment assistance loans	126,205	119,321
Proceeds from sale of investments	-	27,745
Increase in cash designated for long term purposes	(257,000)	(100,000)
NET CASH USED IN INVESTING ACTIVITIES	(132,394)	(140,234)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of donor contributions for long term purposes	257,000	100,000
Proceeds from notes payable	-	363,794
Principal repayments on notes payable	(131,385)	(306,136)
NET CASH PROVIDED BY FINANCING ACTIVITIES	125,615	157,658
NET INCREASE IN CASH AND CASH EQUIVALENTS	182,080	11,379
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	109,316	97,937
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 291,396</u>	<u>\$ 109,316</u>
ADDITIONAL CASH FLOW INFORMATION:		
Interest expense paid	<u>\$ 70,247</u>	<u>\$ 74,190</u>

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

CONEXIÓN AMÉRICAS

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010			
	Program Services	Management and General	Fundraising	Totals
Salaries	\$ 255,945	\$ 38,733	\$ 15,712	\$ 310,390
Payroll taxes	21,919	3,317	1,346	26,582
Employee fringe benefits	<u>2,046</u>	<u>310</u>	<u>126</u>	<u>2,482</u>
TOTAL PAYROLL AND RELATED EXPENSES	279,910	42,360	17,184	339,454
Provision for uncollectible loans	113,495	-	-	113,495
Advertising and promotion	1,196	-	63	1,259
Automobile expense	523	93	6	622
Coffee expenses	-	-	14,256	14,256
Disaster Relief	16,000	-	-	16,000
Don't drink and drive campaign	22,980	-	-	22,980
Dues and subscriptions	3,371	595	-	3,966
Education outreach	3,748	-	-	3,748
Family Resource Center	4,802	-	-	4,802
Fundraising breakfast	-	-	18,112	18,112
Fundraising video production	-	-	-	-
Furniture, fixtures and equipment rental	1,361	243	16	1,620
Hispanic Heritage fundraising event	-	-	24,087	24,087
Insurance	2,881	515	34	3,430
Interest expense	70,247	-	-	70,247
Licenses and fees	-	-	-	-
Low income taxpayer clinic	15,491	-	-	15,491
Maintenance and repairs	1,747	312	21	2,080
Meals and entertainment	627	119	-	746
Miscellaneous expense	2,520	480	-	3,000
Office supplies and expense	7,305	1,289	-	8,594
Parents to Partners campaign	12,957	-	-	12,957
Professional fees	-	8,499	-	8,499
Program materials	-	-	-	-
Rent	19,740	3,760	-	23,500
Sabor fundraising event	-	-	-	-
Technology	3,652	456	456	4,564
Telephone	6,959	1,243	83	8,285
Training	3,942	-	-	3,942
Translation expense	2,271	-	-	2,271
Travel	3,690	703	-	4,393
Utilities	<u>100</u>	<u>18</u>	<u>1</u>	<u>119</u>
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	601,515	60,685	74,319	736,519
Depreciation of equipment	<u>859</u>	<u>153</u>	<u>10</u>	<u>1,022</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 602,374</u>	<u>\$ 60,838</u>	<u>\$ 74,329</u>	<u>\$ 737,541</u>

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

2009

Program Services	Management and General	Fundraising	Totals
\$ 231,547	\$ 29,414	\$ 45,000	\$ 305,961
19,611	2,491	3,811	25,913
<u>2,421</u>	<u>307</u>	<u>470</u>	<u>3,198</u>
253,579	32,212	49,281	335,072
23,808	-	-	23,808
10,812	-	569	11,381
1,011	181	12	1,204
-	-	14,658	14,658
-	-	-	-
13,975	-	-	13,975
1,309	231	-	1,540
4,571	-	-	4,571
-	-	-	-
-	-	16,569	16,569
-	-	600	600
1,669	298	20	1,987
-	-	21,413	21,413
2,676	478	32	3,186
74,190	-	-	74,190
527	100	-	627
-	-	-	-
2,195	393	26	2,614
2,843	541	-	3,384
102	19	-	121
10,629	1,697	200	12,526
12,688	-	-	12,688
5,000	14,842	-	19,842
195	-	-	195
19,488	3,712	-	23,200
-	-	7,324	7,324
3,900	-	-	3,900
6,691	1,195	80	7,966
3,040	-	-	3,040
4,347	-	-	4,347
4,283	816	-	5,099
<u>100</u>	<u>18</u>	<u>1</u>	<u>119</u>
463,628	56,733	110,785	631,146
<u>982</u>	<u>176</u>	<u>12</u>	<u>1,170</u>
<u>\$ 464,610</u>	<u>\$ 56,909</u>	<u>\$ 110,797</u>	<u>\$ 632,316</u>

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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, 2010 and 2009.

Accounting Standards Codification

In June 2009, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a Replacement of FASB Statement No. 162*. This statement modifies the GAAP hierarchy by establishing only two levels of GAAP, authoritative and nonauthoritative accounting literature. Effective July 2009, the FASB Accounting Standards Codification (the “Codification”) is considered the single source of authoritative U.S. accounting and reporting standards, except for additional authoritative rules and interpretive releases issued by the Securities and Exchange Commission. Nonauthoritative guidance and literature include, among other things, FASB Concepts Statements, American Institute of Certified Public Accountants Issues Papers and Technical Practice Aids, and accounting textbooks. The Codification was developed to organize GAAP pronouncements by topic so that users can more easily access authoritative accounting guidance.

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Agency also receives certain grant revenue from the State of Tennessee. Grant revenues are recognized in the period a liability is incurred for eligible expenditures under the terms of the grant. Grant receivables relate primarily to grant money from the State of Tennessee Department of Transportation.

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 2010 and 2009). 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, 2010, are due during the next fiscal year.

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist principally of checking and money market account balances maintained at a financial institution. Cash received from donors with restrictions for long term purposes is reported separately in the Statement of Financial Position.

Provision for Uncollectible Loans

A loan receivable is considered impaired when, based on current information, it is probable that all amounts of principal and interest due will not be collected according to the terms of the loan agreement. The allowance for uncollectible loans is established by charges to program services expense and is maintained at an amount which management believes adequate to absorb losses on existing loans. Uncollectible loans are charged to the allowance account in the period such determination is made.

Investments

Investments consist of publicly-traded securities and are carried at their quoted market value 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. As of June 30, 2010 and 2009, investments are reported using Level 1 inputs, as defined by financial accounting standards. The Agency used quoted prices in an active market to value its investments.

Equipment

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.

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Goods and Services

Donated goods are recognized as contributions in the period received at the estimated fair value, if there is an objective and measurable basis for determining such value.

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.

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (continued)

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.

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.

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.

On July 1, 2009, the Agency adopted new guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions. Income tax positions must meet a more-likely-than-not recognition threshold to be recognized. The adoption of this guidance did not have a material effect on the Agency's financial position and change in net assets.

As of June 30, 2010 and 2009, the Agency did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended.

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 2007 are closed.

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 1 - 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.

Reclassifications

Certain reclassifications have been made in the 2009 financial statements to conform to the 2010 presentation. These reclassifications had no effect on the change in net assets previously reported.

Events Occurring after Reporting Date

The Agency has evaluated events and transactions that occurred between June 30, 2010 and March 9, 2011, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - 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 4).

Loans receivable consisted of the following at June 30:

	<u>2010</u>	<u>2009</u>
Loans receivable	\$ 1,138,289	\$ 1,264,494
Less: allowance for uncollectible loans	<u>(212,987)</u>	<u>(99,492)</u>
	<u>\$ 925,302</u>	<u>\$ 1,165,002</u>

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 2 - LOANS RECEIVABLE (CONTINUED)

Annual principal maturities of down payment assistance loans are as follows as of June 30, 2010:

For the year ending June 30,

2010	\$ 124,369
2011	133,704
2012	144,707
2013	156,415
2014	168,468
Thereafter	<u>410,626</u>
	1,138,289
Less: allowance for uncollectible loans	<u>(212,987)</u>
Total	<u>\$ 925,302</u>

NOTE 3 - EQUIPMENT

Equipment consisted of the following as of June 30:

	<u>2010</u>	<u>2009</u>
Computer equipment	\$ 8,524	\$ 6,925
Office equipment	<u>7,874</u>	<u>7,874</u>
	16,398	14,799
Less accumulated depreciation	<u>(13,605)</u>	<u>(12,583)</u>
	<u>\$ 2,793</u>	<u>\$ 2,216</u>

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 4 - NOTES PAYABLE

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:

	<u>2010</u>	<u>2009</u>
The Housing Fund, Inc.	\$ 323,721	\$ 371,018
SunTrust Bank	523,555	567,928
Avenue Bank Note #1	165,773	187,792
Avenue Bank Note #2	<u>146,170</u>	<u>163,866</u>
	<u>\$ 1,159,219</u>	<u>\$ 1,290,604</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 2). 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 2). 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.

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 payments of interest only at 6.25% through April 2009, at which time monthly principal and interest payments of \$1,695 are due through March 2019. All remaining unpaid interest and principal is due April 2019. The note is secured by the *Puertas Abiertas* program loans receivable. (See Note 2.)

Renasant Bank agreed to loan the Agency up to \$200,000. The agreement was evidenced by a note that required principal and interest payments of \$2,466 per month and bore interest at 8.25%. In October 2008, the balance of this obligation in the amount of \$174,994 was refinanced with Avenue Bank (Avenue Bank Note #2). The new note requires monthly payments of \$2,395 through October 2016 and bears interest at the rate of 7%. This note is secured by the *Puertas Abiertas* program loans receivable. (See Note 2.)

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 4 - NOTES PAYABLE (CONTINUED)

Annual principal maturities of notes payable as of June 30, 2010, are as follows:

For the year ending June 30,

2011	\$ 128,589
2012	129,653
2013	139,943
2014	150,907
2015	162,291
Thereafter	<u>447,836</u>
Total	<u>\$ 1,159,219</u>

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2010</u>	<u>2009</u>
United Way of Middle Tennessee:		
Information, referral and support services for Latino workers and their families	\$ 39,747	\$ 39,747
Establishment and operation of the Cole Family Resource Center	43,950	-
Operation of a mobile family resource center serving families impacted by the May 2010 flooding	91,667	-
Contributions restricted for:		
Purchase of computer software and hardware	66,736	-
Programs for the following year	60,000	-
Special events for the following year	30,000	85,900
Purchase of a new facility	7,000	-
Bank of America Charitable Foundation:		
Contribution to aid with feasibility costs for development of a mixed-use building project	200,000	200,000
Joe C. Davis Foundation:		
Contribution for the purchase of a new facility	<u>250,000</u>	<u>-</u>
	<u>\$ 789,100</u>	<u>\$ 325,647</u>

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 6 - 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, 2010 and 2009, contributions receivable from one source amounted to 42% and 55%, respectively of total contributions receivable. During 2010, approximately 51% of total public support was received from three donors. There was no concentration of risk related to contributions in 2009.

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, 2010, the Agency's depositor accounts exceeded FDIC insurance limits by approximately \$217,000.

NOTE 7 - LEASES

The Agency leases its office space under a month to month operating lease. The lease required monthly payments of \$2,600 through December 2010 when the monthly payments were raised to \$2,650. Total rental expense for the year ended June 30, 2010, was \$23,500 (\$23,200 in 2009). The rent expense was net of amounts received for space subleased through the Agency by a related party in the amount of \$8,000 for the year ended June 30, 2010 and 2009.