

CONEXIÓN AMÉRICAS

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

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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, 2016 and 2015, 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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Joel D. Colburn, Jr., CPA

Nashville, Tennessee
February 10, 2017

CONEXIÓN AMÉRICAS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

ASSETS

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 1,151,264	\$ 514,678
Government grant receivables	155,116	188,694
Contributions receivable	208,440	239,164
Loans receivable - Puertas Abiertas program, net	161,132	250,355
Investments	7,437	7,123
Property and equipment, net	4,703,201	4,851,013
Loan costs, net	3,980	11,941
	<hr/>	<hr/>
TOTAL ASSETS	\$ 6,390,570	\$ 6,062,968
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LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 191,027	\$ 69,016
Accrued expenses	21,489	11,715
Notes payable:		
Puertas Abiertas program	396,988	532,216
Mortgage on building	1,404,150	1,467,664
	<hr/>	<hr/>
TOTAL LIABILITIES	2,013,654	2,080,611
	<hr/>	<hr/>
NET ASSETS		
Unrestricted	3,842,160	3,784,407
Temporarily restricted	534,756	197,950
	<hr/>	<hr/>
TOTAL NET ASSETS	4,376,916	3,982,357
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 6,390,570	\$ 6,062,968
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The accompanying notes are an integral part of these financial statements.

CONEXIÓN AMÉRICAS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<i>SUPPORT AND REVENUE</i>						
REVENUES:						
Fee for services	\$ 23,481	\$ -	\$ 23,481	\$ 44,898	\$ -	\$ 44,898
Interest	18,260	-	18,260	28,400	-	28,400
Dividends	257	-	257	254	-	254
Realized and unrealized gain (loss) on investments	57	-	57	(198)	-	(198)
Total Revenues	42,055	-	42,055	73,354	-	73,354
PUBLIC SUPPORT:						
Contributions	444,046	1,219,008	1,663,054	859,389	198,200	1,057,589
Government grants	419,488	-	419,488	399,571	-	399,571
Fundraising events	365,882	-	365,882	231,887	-	231,887
Temporarily restricted net assets released from restriction	882,202	(882,202)	-	233,950	(233,950)	-
Total Public Support	2,111,618	336,806	2,448,424	1,724,797	(35,750)	1,689,047
Total Support and Revenue	2,153,673	336,806	2,490,479	1,798,151	(35,750)	1,762,401
<i>RENTAL ACTIVITY</i>						
Rental income	305,237	-	305,237	306,128	-	306,128
Direct costs and expenses of rental property	(31,372)	-	(31,372)	(64,183)	-	(64,183)
Rental Activity, Net	273,865	-	273,865	241,945	-	241,945

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

CONEXIÓN AMÉRICAS
STATEMENTS OF ACTIVITIES - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<i>EXPENSES</i>						
Program services:						
Social and economic advancement programs	\$ 2,065,328	\$ -	\$ 2,065,328	\$ 1,410,877	\$ -	\$ 1,410,877
Management and general	157,445	-	157,445	133,338	-	133,338
Fundraising	147,012	-	147,012	109,423	-	109,423
 Total Expenses	 2,369,785	 -	 2,369,785	 1,653,638	 -	 1,653,638
 Change in net assets	 57,753	 336,806	 394,559	 386,458	 (35,750)	 350,708
 Net assets - beginning of year	 3,784,407	 197,950	 3,982,357	 3,397,949	 233,700	 3,631,649
 Net assets - end of year	 <u>\$ 3,842,160</u>	 <u>\$ 534,756</u>	 <u>\$ 4,376,916</u>	 <u>\$ 3,784,407</u>	 <u>\$ 197,950</u>	 <u>\$ 3,982,357</u>

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

CONEXIÓN AMÉRICAS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 394,559	\$ 350,708
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	196,625	197,131
Amortization	7,961	7,960
Realized and unrealized gain on investments	(57)	198
Provision for uncollectible loans	(16,850)	(18,329)
Non cash contribution of investments	(257)	(254)
(Increase) decrease in:		
Government grant receivables	33,578	(84,339)
Contributions receivable	30,724	(147,649)
Increase (decrease) in :		
Accounts payable	122,011	38,822
Accrued expenses	9,774	(22,015)
Total Adjustments	383,509	(28,475)
Net Cash Provided (Used) By Operating Activities	778,068	322,233
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(48,813)	-
Principal repayments on housing down payment assistance loans	106,073	114,556
Net Cash Provided (Used) By Investing Activities	57,260	114,556
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments on housing down payment assistance loans	(135,228)	(121,006)
Principal repayments on mortgage	(63,514)	(320,836)
Net Cash Provided (Used) By Financing Activities	(198,742)	(441,842)
Net Increase (Decrease) in Cash and Cash Equivalents	636,586	(5,053)
Cash and Cash Equivalents - Beginning of Year	514,678	519,731
Cash and Cash Equivalents - End of Year	\$ 1,151,264	\$ 514,678
ADDITIONAL CASH FLOW INFORMATION:		
Interest expense paid	\$ 68,823	\$ 76,237

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

CONEXIÓN AMÉRICAS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016				2015			
	Social and Economic Advancement Programs	Management and General	Fundraising	Total	Social and Economic Advancement Programs	Management and General	Fundraising	Total
Salaries	\$ 715,329	\$ 88,486	\$ 63,323	\$ 867,138	\$ 465,325	\$ 63,963	\$ 42,204	\$ 571,492
Contract labor	693	-	-	693	7,000	-	-	7,000
Payroll taxes	55,833	6,906	4,943	67,682	36,088	4,961	3,273	44,322
Employee fringe benefits	7,499	927	664	9,090	12,761	1,754	1,157	15,672
Total payroll and related expenses	779,354	96,319	68,930	944,603	521,174	70,678	46,634	638,486
Advertising and promotion	11,452	-	603	12,055	11,963	-	630	12,593
Amortization expense	-	7,961	-	7,961	-	7,960	-	7,960
Automobile expense	1,521	-	-	1,521	881	-	-	881
Depreciation of equipment	43,605	7,787	519	51,911	44,030	7,863	524	52,417
Dues and subscriptions	8,045	1,420	-	9,465	7,397	1,305	-	8,702
Furniture, fixtures and equipment rental	-	-	-	-	714	127	9	850
Insurance	7,138	1,260	-	8,398	2,731	482	-	3,213
Interest expense	22,501	-	-	22,501	20,647	-	-	20,647
Meals and entertainment	12,317	1,466	880	14,663	8,579	1,021	613	10,213
Miscellaneous expense	(646)	16,640	-	15,994	(1,497)	15,610	-	14,113
Office supplies and expense	17,330	3,058	-	20,388	19,642	3,466	-	23,108
Professional fees	-	14,093	-	14,093	-	18,848	-	18,848
Provision for uncollectible loans	(16,850)	-	-	(16,850)	(18,329)	-	-	(18,329)
Technology	17,458	2,054	1,027	20,539	17,397	2,047	1,023	20,467
Telephone	11,244	2,008	134	13,386	7,217	1,289	86	8,592
Training	15,015	-	-	15,015	9,992	-	-	9,992
Travel	17,741	3,379	-	21,120	13,868	2,642	-	16,510
Program expenses:								
DACA	(39,943)	-	-	(39,943)	168,693	-	-	168,693
Don't drink and drive campaign	35,311	-	-	35,311	34,994	-	-	34,994
Education policy	386,319	-	-	386,319	-	-	-	-
Escalera	43,488	-	-	43,488	22,062	-	-	22,062

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

CONEXIÓN AMÉRICAS
STATEMENTS OF FUNCTIONAL EXPENSES - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016				2015			
	Social and Economic Advancement Programs	Management and General	Fundraising	Total	Social and Economic Advancement Programs	Management and General	Fundraising	Total
Program expenses (continued):								
Family and Children's Services	145,000	-	-	145,000	150,000	-	-	150,000
Mesa Komal	20,399	-	-	20,399	19,039	-	-	19,039
Parents as Partners	31,050	-	-	31,050	25,186	-	-	25,186
Park	109,771	-	-	109,771	-	-	-	-
Placemaking	25,999	-	-	25,999	-	-	-	-
Other program expenses	18,241	-	-	18,241	7,233	-	-	7,233
Fundraising expenses:								
Coffee expenses	-	-	3,938	3,938	-	-	9,141	9,141
Fundraising breakfast	-	-	35,128	35,128	-	-	35,060	35,060
Hispanic Heritage fundraising event	-	-	35,853	35,853	-	-	24,844	24,844
Direct costs related to Casa Azafran facility:								
Operating	342,468	-	-	342,468	308,123	-	-	308,123
Rental operations	31,372	-	-	31,372	64,183	-	-	64,183
Total Functional Expenses	2,096,700	157,445	147,012	2,401,157	1,465,919	133,338	118,564	1,717,821
Less rental expenses netted against revenues on the statement of activities	(31,372)	-	-	(31,372)	(64,183)	-	-	(64,183)
Total Expenses Reported Under Program and Supporting Services	<u>\$ 2,065,328</u>	<u>\$ 157,445</u>	<u>\$ 147,012</u>	<u>\$ 2,369,785</u>	<u>\$ 1,401,736</u>	<u>\$ 133,338</u>	<u>\$ 118,564</u>	<u>\$ 1,653,638</u>

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

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 - GENERAL

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

- *Unrestricted net assets* are free of donor-imposed restrictions. All revenues, gains and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction.
- *Temporarily restricted net assets* are limited as to use by donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose.
- Permanently restricted net assets are amounts required by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations. The Agency had no permanently restricted net assets as of June 30, 2016 and 2015.

Contributions and Support

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

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

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions and Support - Continued

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

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

Promises to Give

Unconditional promises to give that are expected to be collected within one year are reported as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on these amounts is computed using the risk-free interest rate applicable to the year in which the promise is received (not applicable in 2016 and 2015). 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, 2016 are due during the next fiscal year.

Cash and Cash Equivalents

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

Investments

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

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Loans Receivable

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

The accrual of interest is discontinued when a loan becomes 30 days past due according to the contractual terms of the note, or when management believes, after considering economic and business conditions and collection efforts, that the principal or interest will not be collectible in the normal course of business. All loans 30 days or more past due as of June 30, 2016 and 2015 were on non-accrual status. When a loan is placed on non-accrual status, previously accrued and uncollected interest is charged against interest income on loans. All payments on non-accrual loans are applied to the principal balance outstanding. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the 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 .

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Loan Costs

Loan costs are capitalized and amortized ratably over the term of the related loan. Amortization for the 2016 and 2015 fiscal years was \$7,961 and \$7,960 respectively.

Donated Goods and Services

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

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

Program and Supporting Services

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

Program Services

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

Supporting Services

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

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Program and Supporting Services - Continued

Supporting Services - Continued

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

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and non-financial data or reasonable subjective methods determined by management.

Fair Value Measurements

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

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

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

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

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

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Measurements - Continued

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

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

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

The Agency files a U.S. federal Form 990 for organizations exempt from income tax and Form 990-T, an exempt organization business income tax return. In addition, the Agency files a Tennessee state Franchise and Excise Tax Return. The Agency's federal and state returns for years prior to 2013 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, 2016 and February 10, 2017 the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016 AND 2015

NOTE 3 - LOANS RECEIVABLE

The Agency has established a program known as Puertas Abiertas to assist Hispanic families in the Middle Tennessee community in purchasing homes by providing down payment financing. Down payment assistance loans to homebuyers generally range from \$1,500 to \$10,000, with a maturity date of 10 years from the date of the loan, and bear interest at rates from 7.5% to 9.75%. These loans are secured by a second priority deed of trust on the property. The loans are also pledged as collateral on the related notes payable to other lending institutions (see Note 6).

Loans receivable consisted of the following at June 30:

	2016	2015
Loans receivable	\$ 191,969	\$ 298,042
Less: allowance for uncollectible loans	(30,837)	(47,687)
	<u>\$ 161,132</u>	<u>\$ 250,355</u>

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

	2016	2015
Allowance for loan losses:		
Beginning balance	\$ 47,687	\$ 66,016
Charge-offs	-	-
Recoveries	-	-
Provisions	(16,850)	(18,329)
Ending balance	<u>\$ 30,837</u>	<u>\$ 47,687</u>
Ending balance: individually evaluated for impairment	<u>\$ -</u>	<u>\$ -</u>
Ending balance: collectively evaluated for impairment	<u>\$ 30,837</u>	<u>\$ 47,687</u>
Loans:		
Ending balance	<u>\$ 191,969</u>	<u>\$ 298,042</u>
Ending balance: individually evaluated for impairment	<u>\$ -</u>	<u>\$ -</u>
Ending balance: collectively evaluated for impairment	<u>\$ 191,969</u>	<u>\$ 298,042</u>

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016 AND 2015

NOTE 3 - LOANS RECEIVABLE - CONTINUED

Annual principal maturities of down payment of down payment assistance loans are as follows as of June 30, 2016:

Year Ending June 30,	
2017	\$ 90,311
2018	101,658
	<u>191,969</u>
Less: allowance for uncollectible loans	(30,837)
Total	<u><u>\$ 161,132</u></u>

NOTE 4 - PROPERTY AND EQUIPMENT

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

	<u>2016</u>	<u>2015</u>
Building and land	\$ 5,066,078	\$ 5,028,198
Computer equipment	20,193	15,203
Office equipment	430,896	424,953
	<u>5,517,167</u>	<u>5,468,354</u>
Less accumulated depreciation	(813,966)	(617,341)
	<u><u>\$ 4,703,201</u></u>	<u><u>\$ 4,851,013</u></u>
 Depreciation for the year	 <u><u>\$ 196,625</u></u>	 <u><u>\$ 197,131</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, 2016 AND 2015

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. This lease replaces a lease that was set to expire September 23, 2016. The rent paid on these two leases for the year ended June 30, 2016 was \$2,124 (\$1,944 in 2015).

The future minimum lease payments required are as follows:

Year Ending June 30,	
2017	\$ 2,304
2018	2,304
2019	2,304
2020	2,304
2021	1,152
Total	<u>\$ 10,368</u>

NOTE 6 - NOTES PAYABLE - PUERTAS ABIERTAS

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

	<u>2016</u>	<u>2015</u>
The Housing Fund , Inc.	\$ 103,100	\$ 142,098
SunTrust Bank	222,168	272,469
Avenue Bank Note # 1	65,279	83,535
Avenue Bank Note #2	6,441	34,114
	<u>\$ 396,988</u>	<u>\$ 532,216</u>

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

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

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016 AND 2015

NOTE 6 - NOTES PAYABLE - PUERTAS ABIERTAS - CONTINUED

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

Annual principal maturities of notes payable as of June 30, 2016, are as follows:

Year Ending June 30,	
2017	113,397
2018	113,397
2019	170,194
Total	<u><u>\$ 396,988</u></u>

NOTE 7 - NOTE PAYABLE - BUILDING

In December 2011, the Agency obtained a \$2,388,500 mortgage that is secured by the underlying real estate and bears interest at the Lender's Index Rate, the interest rate at June 30, 2015 was 3.25%. Interest only payments are required on a monthly basis through January 1, 2015. Annual principal payments of \$300,000 are required on February 1, 2013, February 1, 2014 and February 1, 2015. Subsequent to February 1, 2015, the unpaid principal balance will be amortized over a 20-year period with a fixed monthly payment of principal and interest equal to the prevailing interest rate. The loan matures January 1, 2017.

Annual principal maturities of the building note payable as of June 30, 2016, are as follows :

Year Ending June 30,	
2017	\$ 1,404,150
Total	<u><u>\$ 1,404,150</u></u>

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016 AND 2015

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2016</u>	<u>2016</u>
United Way of Middle Tennessee:		
Information, referral and support services for		
Latino workers and their families	\$ 65,700	\$ 65,700
Contributions restricted for:		
Metro Park project	20,679	7,250
Programs for the following year	305,000	125,000
Education Policy	143,377	-
	<u>\$ 534,756</u>	<u>\$ 197,950</u>

NOTE 9 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Agency to concentrations of credit risk consist of cash and contributions receivable. Contributions receivable consist of corporate and foundation pledges receivable. At June 30, 2016 and 2015, contributions receivable from one source amounting to 39% and 38%, respectively of total contributions receivable. During 2016, approximately 44% of contribution revenue was received from two donors (32% of contribution revenue was received from four donors in 2015).

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, 2016, the Agency's depositor accounts exceeded FDIC insurance limits by approximately \$758,025 (\$184,929 as of June 30, 2015). Subsequent to year end the Agency entered into an agreement with its primary financial institution to insure all of its deposits.

NOTE 10 - FAIR VALUE MEASUREMENTS

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

	2016		
	Total	Level 1 Inputs	Level 2 Inputs
			Level 3 Inputs
Investments:			
Marketable securities	\$ 7,437	\$ 7,437	\$ -
	<u>\$ 7,437</u>	<u>\$ 7,437</u>	<u>\$ -</u>

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016 AND 2015

NOTE 10 - FAIR VALUE MEASUREMENTS - CONTINUED

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

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

The direct costs and expenses related to the portion of the Casa Azafran Community Center that is used by Conexión Américas and other Casa Azafran partners is as follows for the year ending June 30, 2016:

Insurance	\$ 10,718
Maintenance	75,248
Event expenses	9,202
Miscellaneous	2,056
Utilities	56,999
Property and other taxes	13,129
Interest	42,462
Depreciation	132,654
	<u>\$ 342,468</u>

A schedule of direct costs and expenses related to the portion of the Casa Azafran Community Center rented to the non-mission related tenant is as follows for the year ending June 30, 2016:

Insurance	\$ 974
Maintenance	6,841
Utilities	5,182
Property and other taxes	2,455
Interest	3,860
Depreciation	12,060
	<u>\$ 31,372</u>

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016 AND 2015

NOTE 12 - GOVERNMENT GRANTS

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

Governor's Highway Safety Office	\$ 127,308
U. S. Department of Health and Human Services	74,337
Metropolitan Nashville Public Schools	
Parents as Partners	155,087
Metropolitan Government of Nashville and Davidson Co.:	
Adult Literacy Program	62,756
	<u>\$ 419,488</u>