CONEXIÓN AMÉRICAS

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

<u>FOR THE YEARS ENDED JUNE 30, 2017 AND 2016</u>

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, 2017 and 2016, 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.

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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, 2017 and 2016, 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. Collum, Jr., CPA

Nashville, Tennessee
January 15, 2018

CONEXIÓN AMÉRICAS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

ASSETS

	2017	2016
ASSETS		
Cash and cash equivalents	$ 1,989,996	$ 1,151,264
Government grant receivables	357,462	155,116
Contributions receivable	415,000	208,440
Loans receivable - Puertas Abiertas program, net	101,326	161,132
Investments	8,047	7,437
Property and equipment, net	5,717,254	4,703,201
Loan costs, net	-	3,980
TOTAL ASSETS	$ 8,589,085	$ 6,390,570

LIABILITIES AND NET ASSETS

	2017	2016
LIABILITIES		
Accounts payable	$ 124,537	$ 191,027
Accrued expenses	34,170	21,489
Notes payable:		
Puertas Abiertas program	337,250	396,988
Parking lot loan	602,449	-
Mortgage on building	1,360,929	1,404,150
TOTAL LIABILITIES	2,459,335	2,013,654
NET ASSETS		
Unrestricted	4,823,888	3,842,160
Temporarily restricted	1,305,862	534,756
TOTAL NET ASSETS	6,129,750	4,376,916
TOTAL LIABILITIES AND NET ASSETS	$ 8,589,085	$ 6,390,570

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

CONEXIÓN AMÉRICAS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
REVENUES:						
Fee for services	$ 26,166	$ -	$ 26,166	$ 23,481	$ -	$ 23,481
Interest	19,256	-	19,256	18,260	-	18,260
Dividends	245	-	245	257	-	257
Realized and unrealized gain (loss) on investments	365	-	365	57	-	57
Total Revenues	46,032	-	46,032	42,055	-	42,055
PUBLIC SUPPORT:						
Contributions	1,321,686	1,665,689	2,987,375	444,046	1,219,008	1,663,054
Government grants	724,139	-	724,139	419,488	-	419,488
Fundraising events	610,289	-	610,289	365,882	-	365,882
Temporarily restricted net assets released from restriction	894,583	(894,583)	-	882,202	(882,202)	-
Total Public Support	3,550,697	771,106	4,321,803	2,111,618	336,806	2,448,424
Total Support and Revenue	3,596,729	771,106	4,367,835	2,153,673	336,806	2,490,479
RENTAL ACTIVITY						
Rental income	307,200	-	307,200	305,237	-	305,237
Direct costs and expenses of rental property	-	-	-	(31,372)	-	(31,372)
Rental Activity, Net	307,200	-	307,200	273,865	-	273,865

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

CONEXIÓN AMÉRICAS
STATEMENTS OF ACTIVITIES - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
EXPENSES						
Program services:						
Social and economic advancement programs	$ 2,575,129	$ -	$ 2,575,129	$ 2,065,328	$ -	$ 2,065,328
Management and general	160,578	-	160,578	157,445	-	157,445
Fundraising	186,494	-	186,494	147,012	-	147,012
Total Expenses	2,922,201	-	2,922,201	2,369,785	-	2,369,785
Change in net assets	981,728	771,106	1,752,834	57,753	336,806	394,559
Net assets - beginning of year	3,842,160	534,756	4,376,916	3,784,407	197,950	3,982,357
Net assets - end of year	$ 4,823,888	$ 1,305,862	$ 6,129,750	$ 3,842,160	$ 534,756	$ 4,376,916

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

CONEXIÓN AMÉRICAS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,752,834	$ 394,559
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	209,849	196,625
Amortization	3,980	7,961
Realized and unrealized gain on investments	(365)	(57)
Provision for uncollectible loans	(11,537)	(16,850)
Non cash contribution of investments	(245)	(257)
(Increase) decrease in:		
Government grant receivables	(202,346)	33,578
Contributions receivable	(206,560)	30,724
Increase (decrease) in :		
Accounts payable	(66,490)	122,011
Accrued expenses	12,681	9,774
Total Adjustments	(261,033)	383,509
Net Cash Provided (Used) By Operating Activities	1,491,801	778,068
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(616,402)	(48,813)
Principal repayments on housing down payment assistance loans	71,343	106,073
Net Cash Provided (Used) By Investing Activities	(545,059)	57,260
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments on housing down payment assistance loans	(412,224)	(135,228)
Proceeds from new housing downpayment assistance loan	352,486	-
Principal repayments installment loan for the lot	(5,051)	-
Principal repayments on mortgage	(43,221)	(63,514)
Net Cash Provided (Used) By Financing Activities	(108,010)	(198,742)
Net Increase (Decrease) in Cash and Cash Equivalents	838,732	636,586
Cash and Cash Equivalents - Beginning of Year	1,151,264	514,678
Cash and Cash Equivalents - End of Year	$ 1,989,996	$ 1,151,264
SUPPLEMENTAL INFORMATION AND NON-CASH INVESTING AND FINANCING ACTIVITIES		
Interest expense paid	$ 60,908	$ 68,823
Purchase of lot with an installment loan	$ 607,500	$ -

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

CONEXIÓN AMÉRICAS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017				2016			
	Social and Economic Advancement Programs	Management and General	Fundraising	Total	Social and Economic Advancement Programs	Management and General	Fundraising	Total
Salaries	$ 1,093,934	$ 85,645	$ 83,824	$ 1,263,403	$ 715,329	$ 88,486	$ 63,323	$ 867,138
Contract labor	-	-	-	-	693	-	-	693
Payroll taxes	86,334	6,759	6,615	99,708	55,833	6,906	4,943	67,682
Employee fringe benefits	56,547	4,427	4,333	65,307	7,499	927	664	9,090
Total payroll and related expenses	1,236,815	96,831	94,772	1,428,418	779,354	96,319	68,930	944,603
Advertising and promotion	15,797	-	832	16,629	11,452	-	603	12,055
Amortization expense	-	3,980	-	3,980	-	7,961	-	7,961
Automobile expense	4,865	-	-	4,865	1,521	-	-	1,521
Depreciation of equipment	49,350	8,813	587	58,750	43,605	7,787	519	51,911
Dues and subscriptions	7,636	1,348	-	8,984	8,045	1,420	-	9,465
Insurance	9,565	1,688	-	11,253	7,138	1,260	-	8,398
Interest expense	13,908	-	-	13,908	22,501	-	-	22,501
Meals and entertainment	13,108	1,561	936	15,605	12,317	1,466	880	14,663
Miscellaneous expense	10	16,640	-	16,650	(646)	16,640	-	15,994
Office supplies and expense	18,512	3,267	-	21,779	17,330	3,058	-	20,388
Professional fees	-	18,528	-	18,528	-	14,093	-	14,093
Provision for uncollectible loans	(11,537)	-	-	(11,537)	(16,850)	-	-	(16,850)
Technology	23,773	2,797	1,398	27,968	17,458	2,054	1,027	20,539
Telephone	9,534	1,703	113	11,350	11,244	2,008	134	13,386
Training	21,833	-	-	21,833	15,015	-	-	15,015
Travel	17,968	3,422	-	21,390	17,741	3,379	-	21,120
Program expenses:								
DACA	-	-	-	-	(39,943)	-	-	(39,943)
Don't drink and drive campaign	22,068	-	-	22,068	35,311	-	-	35,311
Education policy	160,842	-	-	160,842	386,319	-	-	386,319
Escalera	55,887	-	-	55,887	43,488	-	-	43,488

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

CONEXIÓN AMÉRICAS
STATEMENTS OF FUNCTIONAL EXPENSES - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017				2016			
	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	140,000	-	-	140,000	145,000	-	-	145,000
Mesa Komal	22,823	-	-	22,823	20,399	-	-	20,399
Parents as Partners	52,424	-	-	52,424	31,050	-	-	31,050
Park	48,382	-	-	48,382	109,771	-	-	109,771
Placemaking	31,818	-	-	31,818	25,999	-	-	25,999
Migrant education	151,648	-	-	151,648	-	-	-	-
Other program expenses	45,819	-	-	45,819	18,241	-	-	18,241
Fundarising expenses:								
Coffee expenses	-	-	4,117	4,117	-	-	3,938	3,938
Fundraising breakfast	-	-	49,463	49,463	-	-	35,128	35,128
Hispanic Heritage fundraising event	-	-	34,276	34,276	-	-	35,853	35,853
Direct costs related to Casa Azafran facility:								
Operating	412,281	-	-	412,281	342,468	-	-	342,468
Rental operations	-	-	-	-	31,372	-	-	31,372
Total Functional Expenses	2,575,129	160,578	186,494	2,922,201	2,096,700	157,445	147,012	2,401,157
Less rental expenses netted against revenues on the statement of activities	-	-	-	-	(31,372)	-	-	(31,372)
Total Expenses Reported Under Program and Supporting Services	$ 2,575,129	$ 160,578	$ 186,494	$ 2,922,201	$ 2,065,328	$ 157,445	$ 147,012	$ 2,369,785

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

CONEXIÓN AMÉRICAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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 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, 2017 and 2016.

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 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions and Support - Continued

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 2017 and 2016). 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, 2017 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Loans Receivable - Continued

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, 2017 and 2016 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 .

Loan Costs

Loan costs are capitalized and amortized ratably over the term of the related loan. Amortization for the 2017 and 2016 fiscal years was $3,980 and $7,961 respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Donated Goods and Services

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

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

Program and Supporting Services

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

Program Services

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

Supporting Services

Management and General - relates to the overall direction of the 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 2014 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, 2017 and January 15, 2018 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:

	2017	2016
Loans receivable	$ 120,626	$ 191,969
Less: allowance for uncollectible loans	(19,300)	(30,837)
	$ 101,326	$ 161,132

NOTE 3 - LOANS RECEIVABLE - CONTINUED

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

	2017	2016
Allowance for loan losses:		
Beginning balance	$ 30,837	$ 47,687
Charge-offs	-	-
Recoveries	-	-
Provisions	(11,537)	(16,850)
Ending balance	$ 19,300	$ 30,837
Ending balance: individually evaluated for impairment	$ -	$ -
Ending balance: collectively evaluated for impairment	$ 19,300	$ 30,837
Loans:		
Ending balance	$ 120,626	$ 191,969
Ending balance: individually evaluated for impairment	$ -	$ -
Ending balance: collectively evaluated for impairment	$ 120,626	$ 191,969

Annual principal maturities of down payment of down payment assistance loans are as follows as of June 30, 2017:

Year Ending June 30,	
2018	$ 60,000
2019	40,000
2020	20,626
	120,626
Less: allowance for uncollectible loans	(19,300)
Total	$ 101,326

NOTE 4 - PROPERTY AND EQUIPMENT

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

	2017	2016
Building	$ 5,190,482	$ 4,736,478
Land	1,031,160	329,600
Computer equipment	105,547	86,938
Office equipment	408,119	364,151
	6,735,308	5,517,167
Less accumulated depreciation	(1,018,054)	(813,966)
	$ 5,717,254	$ 4,703,201
Depreciation for the year	$ 209,849	$ 196,625

NOTE 4 - PROPERTY AND EQUIPMENT - CONTINUED

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 these two leases for the year ended June 30, 2017 was $2,304 ($2,124 in 2016).

The future minimum lease payments required are as follows:

Year Ending June 30,	
2018	$ 2,304
2019	2,304
2020	2,304
2021	1,152
Total	$ 8,064

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:

	2017	2016
Pinnacle Bank	$ 337,250	$ -
The Housing Fund , Inc.	-	103,100
SunTrust Bank	-	222,168
Avenue Bank Note # 1	-	65,279
Avenue Bank Note #2	-	6,441
	$ 337,250	$ 396,988

On January 24, 2017, the Agency obtained a $352,213 note from Pinnacle Bank that is unsecured and bears interest at the Wall Street Journal Prime, the interest rate at June 30, 2017 was 0.00%. 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 no stated interest rate, interest of $5,446 was imputed on the loan based on the interest rate that the Agency is paying on its other loans to Pinnacle Bank.

NOTE 6 - NOTES PAYABLE - PUERTAS ABIERTAS - CONTINUED

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%. The note was paid off during the year.

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%. The note was paid off during the year.

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.) Both notes were paid off during the year.

Annual principal maturities of the note payable as of June 30, 2017, are as follows:

Year Ending June 30,		
2018	$	35,221
2019		35,221
2020		35,221
2021		35,221
2022		196,366
Total	$	337,250

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.

NOTE 7 - NOTE PAYABLE - BUILDING - CONTINUED

Annual principal maturities of the building note payable as of June 30, 2017, are as follows :

Year Ending June 30,		
2018	$	46,424
2019		48,242
2020		50,132
2021		52,095
2022		1,164,036
Total	$	1,360,929

NOTE 8 - NOTE PAYABLE - PARKING LOT

On March 15, 2017 the Agency obtained a $607,500 loan as part of the purchase of a nearby lot that is to be used for additional parking. The loan is secured by the underlying real estate and bears interest at the rate of 3.75%. 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.

Annual principal maturities of the building note payable as of June 30, 2017, are as follows :

Year Ending June 30,		
2018	$	20,545
2019		21,352
2020		22,191
2021		23,063
2022		515,298
Total	$	602,449

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

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

		2017		**2016**
United Way of Middle Tennessee:				
Information, referral and support services for Latino workers and their families	$	100,000	$	65,700
Contributions restricted for:				
Metro Park project		34,108		20,679
Programs for the following year		240,000		305,000
Education Policy		931,754		143,377
	$	1,305,862	$	534,756

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, 2017, contributions receivable from two sources amounted to 48% of total contributions receivable (39% from one source was receivable at June 30, 2016). During 2017, approximately 40% of contribution revenue was received from three donors (44% of contribution revenue was received from two donors in 2016).

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, 2017, the Agency's depositor accounts exceeded FDIC insurance limits by approximately $1,596,814 ($758,025 as of June 30, 2016). Subsequent to year end the Agency 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' major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of June 30:

	2017			
	Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments:				
Marketable securities	$ 8,047	$ 8,047	$ -	$ -

	2016			
	Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments:				
Marketable securities	$ 7,437	$ 7,437	$ -	$ -

NOTE 12 - COMMITMENT

Subsequent to year end 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. The original amount of the contract is $1,392,986.

NOTE 13 - RELATED PARTY TRANSACTION

As part of the construction of Azafran Park the Agency entered into a Construction Consulting Services Agreement with a company that employees an Agency board member. The total amount of this contract is $40,000 and at year end $5,000 was due and payable on the contract.

NOTE 14 - 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	$	125,911
U. S. Department of Health and Human Services		66,157
Metropolitan Nashville Public Schools		
Parents as Partners		160,749
Escalara		3,640
Tennessee Arts Commission		5,500
Tennessee Department of Education		
Migrant Education Program		362,182
	$	724,139