CONEXIÓN AMÉRICAS

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

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, 2014 and 2013, 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, 2014 and 2013, 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
December 16, 2014

CONEXIÓN AMÉRICAS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

ASSETS

	2014	2013
ASSETS		
Cash and cash equivalents	$ 519,731	$ 395,778
Government grant receivables	104,355	40,777
Contributions receivable	91,516	114,533
Other receivables	-	2,300
Loans receivable - Puertas Abiertas program, net	346,582	458,396
Investments	7,066	5,871
Property and equipment, net	5,048,144	5,182,058
Loan costs, net	19,901	27,861
Capital campaign assets:		
Contributions receivable	-	100,000
TOTAL ASSETS	$ 6,137,295	$ 6,327,574

LIABILITIES AND NET ASSETS

	2014	2013
LIABILITIES		
Accounts payable:	$ 30,194	$ 40,130
Accrued expenses	33,730	33,963
Notes payable:		
Puertas Abiertas program	653,222	793,693
Mortgage on building	1,788,500	2,088,500
TOTAL LIABILITIES	2,505,646	2,956,286
NET ASSETS		
Unrestricted	3,397,949	2,950,097
Temporarily restricted	233,700	421,191
TOTAL NET ASSETS	3,631,649	3,371,288
TOTAL LIABILITIES AND NET ASSETS	$ 6,137,295	$ 6,327,574

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

CONEXIÓN AMÉRICAS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
REVENUES:						
Fee for services	$ 38,988	$ -	$ 38,988	$ 55,088	$ -	$ 55,088
Interest	36,574	-	36,574	45,539	-	45,539
Dividends	220	-	220	559	-	559
Realized and unrealized gain (loss) on investments	975	-	975	825	-	825
Total Revenues	76,757	-	76,757	102,011	-	102,011
PUBLIC SUPPORT:						
Contributions	615,894	193,700	809,594	188,676	841,370	1,030,046
Government grants	318,822	-	318,822	1,376,493	-	1,376,493
Fundraising events	212,464	40,000	252,464	154,395	52,000	206,395
Temporarily restricted net assets released from restriction	421,191	(421,191)	-	863,370	(863,370)	-
Total Public Support	1,568,371	(187,491)	1,380,880	2,582,934	30,000	2,612,934
Total Support and Revenue	1,645,128	(187,491)	1,457,637	2,684,945	30,000	2,714,945
RENTAL ACTIVITY						
Rental income	237,268	-	237,268	145,908	-	145,908
Direct costs and expenses of rental property	(161,116)	-	(161,116)	(150,819)	-	(150,819)
Rental Activity, Net	76,152	-	76,152	(4,911)	-	(4,911)

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

CONEXIÓN AMÉRICAS
STATEMENTS OF ACTIVITIES - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
EXPENSES						
Program services:						
Social and economic advancement programs	$ 1,061,184	$ -	$ 1,061,184	$ 845,339	$ -	$ 845,339
Management and general	116,025	-	116,025	94,536	-	94,536
Fundraising	96,219	-	96,219	108,130	-	108,130
Total Expenses	1,273,428	-	1,273,428	1,048,005	-	1,048,005
Change in net assets	447,852	(187,491)	260,361	1,632,029	30,000	1,662,029
Net assets - beginning of year	2,950,097	421,191	3,371,288	1,318,068	391,191	1,709,259
Net assets - end of year	$ 3,397,949	$ 233,700	$ 3,631,649	$ 2,950,097	$ 421,191	$ 3,371,288

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

CONEXIÓN AMÉRICAS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 260,361	$ 1,662,029
Adjustments to reconcile change in net assets to net cash (used provided by operating activities:		
Depreciation	196,624	159,941
Amortization	7,960	7,960
Realized and unrealized gain on investments	(975)	(825)
Provision for uncollectible loans	(21,297)	(7,351)
Non cash contribution of investments	(220)	(559)
Restricted contributions for building	100,000	(647,179)
(Increase) decrease in:		
Government grant receivables	(63,578)	220,550
Contributions receivable	23,017	(29,625)
Other assets	-	1,600
Other receivables	2,300	11,121
Increase (decrease) in :		
Accounts payable	(9,936)	22,287
Accrued expenses	(233)	13,669
Total Adjustments	233,662	(248,411)
Net Cash Provided (Used) By Operating Activities	494,023	1,413,618
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(62,710)	(1,949,295)
Principal repayments on housing down payment assistance loans	133,111	109,151
Net Cash Provided (Used) By Investing Activities	70,401	(1,840,144)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of property and equipment	-	747,179
Principal repayments on housing down payment assistance loans	(140,471)	(119,163)
Principal repayments on mortgage	(300,000)	(300,000)
Net Cash Provided (Used) By Financing Activities	(440,471)	328,016
Net Increase (Decrease) in Cash and Cash Equivalents	123,953	(98,510)
Cash and Cash Equivalents - Beginning of Year	395,778	494,288
Cash and Cash Equivalents - End of Year	$ 519,731	$ 395,778
ADDITIONAL CASH FLOW INFORMATION:		
Interest expense paid	$ 116,322	$ 141,278
NONCASH INVESTING AND FINANCING ACTIVITIES		
Accounts payable for construction in progress	$ -	$ (223,486)

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

CONEXIÓN AMÉRICAS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014				2013			
	Social and Economic Advancement Programs	Management and General	Fundraising	Total	Social and Economic Advancement Programs	Management and General	Fundraising	Total
Salaries	$ 365,997	$ 43,604	$ 34,243	$ 443,844	$ 333,748	$ 35,474	$ 52,841	$ 422,063
Contract labor	6,728	-	-	6,728	7,650	-	-	7,650
Payroll taxes	28,383	3,381	2,656	34,420	26,800	2,849	4,243	33,892
Employee fringe benefits	13,303	1,585	1,245	16,133	13,156	1,398	2,083	16,637
Total payroll and related expenses	414,411	48,570	38,144	501,125	381,354	39,721	59,167	480,242
Provision for uncollectible loans	(15,615)	-	-	(15,615)	(7,351)	-	-	(7,351)
Advertising and promotion	3,588	-	189	3,777	2,606	-	137	2,743
Amortization expense	-	7,960	-	7,960	-	7,960	-	7,960
Automobile expense	701	-	-	701	512	-	-	512
Coffee expenses	14,722	-	-	14,722	15,306	-	-	15,306
Depreciation of equipment	43,983	7,854	524	52,361	38,263	6,834	456	45,553
Don't drink and drive campaign	26,551	-	-	26,551	36,444	-	-	36,444
Dues and subscriptions	8,595	1,517	-	10,112	5,998	1,057	-	7,055
Education outreach	-	-	-	-	2,309	-	-	2,309
Family and Children's Services	147,680	-	-	147,680	-	-	-	-
Family Resource Center	4,165	-	-	4,165	7,545	-	-	7,545
Fundraising breakfast	-	-	33,097	33,097	-	-	22,243	22,243
Furniture, fixtures and equipment rental	2,725	487	32	3,244	1,652	296	19	1,967
Hispanic Heritage fundraising event		-	22,834	22,834		-	22,294	22,294
Insurance	2,984	526	-	3,510	3,437	606	-	4,043
Interest expense	40,288	-	-	40,288	48,611	-	-	48,611
Low income taxpayer clinic	375	-	-	375	6,585	-	-	6,585
Maintenance and repairs	-	-	-	-	788	92	46	926
Meals and entertainment	5,138	611	367	6,116	5,097	607	364	6,068
Miscellaneous expense	8,204	19,350	-	27,554	6,692	15,425	-	22,117
Office supplies and expense	12,899	2,276	-	15,175	11,532	2,034	-	13,566
Parents as Partners campaign	45,617	-	-	45,617	26,290	-	-	26,290

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

CONEXIÓN AMÉRICAS
STATEMENTS OF FUNCTIONAL EXPENSES - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014				2013			
	Social and Economic Advancement Programs	Management and General	Fundraising	Total	Social and Economic Advancement Programs	Management and General	Fundraising	Total
Professional fees	-	22,735	-	22,735	-	14,100	-	14,100
Rent	-	-	-	-	11,560	1,360	680	13,600
Technology	16,032	1,886	943	18,861	20,904	2,613	2,613	26,130
Telephone	7,452	1,331	89	8,872	9,344	1,670	111	11,125
Training	14,606	-	-	14,606	743	-	-	743
Travel	4,843	922	-	5,765	845	161	-	1,006
Direct costs related to Casa Azafran facility:								
Administrative	$ 251,240	$ -	$ -	$ 251,240	$ 208,273	$ -	$ -	$ 208,273
Rental operations	161,116	-	-	161,116	150,819	-	-	150,819
Total Functional Expenses	1,222,300	116,025	96,219	1,434,544	996,158	94,536	108,130	1,198,824
Less rental expenses netted against revenues on the statement of activities	(161,116)	-	-	(161,116)	(150,819)	-	-	(150,819)
Total Expenses Reported Under Program and Supporting Services	$ 1,061,184	$ 116,025	$ 96,219	$ 1,273,428	$ 845,339	$ 94,536	$ 108,130	$ 1,048,005

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

NOTE 1 - GENERAL

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

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, 2014 and 2013.

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.

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 2014 and 2013). 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, 2014 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.

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, 2014 and 2013 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 uncollectibility 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.

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 .

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 .

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 over the next three fiscal years is $7,960 per year for 2015 through 2016 and $3,981 for 2017.

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.

Rental Income

The Agency receives rental income under a leasing arrangement with the seller of real estate known as the Casa Azafran Community Center described in Note 4. Rental income from this lease is recognized on the straight line basis over the term of the lease which expired December 29, 2013.

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.

NOTE 2 - 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.

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:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Measurements - Continued

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.

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 2011 are no longer open to examination.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes - Continued

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, 2014 and December 16, 2014 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. The loans are also pledged as collateral on the related notes payable to other lending institutions (see Note 5).

Loans receivable consisted of the following at June 30:

	2014	2013
Loans receivable	$ 412,598	$ 545,709
Less: allowance for uncollectible loans	(66,016)	(87,313)
	$ 346,582	$ 458,396

NOTE 3 - LOANS RECEIVABLE - CONTINUED

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

	2014	2013
Allowance for loan losses:		
Beginning balance	$ 87,313	$ 106,704
Charge-offs	-	(12,041)
Recoveries	-	-
Provisions	(21,297)	(7,350)
Ending balance	$ 66,016	$ 87,313
Ending balance: individually evaluated for impairment	$ -	$ -
Ending balance: collectively evaluated for impairment	$ 66,016	$ 87,313
Loans:		
Ending balance	$ 412,598	$ 545,709
Ending balance: individually evaluated for impairment	$ -	$ -
Ending balance: collectively evaluated for impairment	$ 412,598	$ 545,709

Annual principal maturities of down payment of down payment assistance loans are as follows as of June 30, 2014:

Year Ending June 30,	
2015	118,050
2016	118,890
2017	90,311
2018	85,347
2019	-
	412,598
Less: allowance for uncollectible loans	(66,016)
Total	$ 346,582

NOTE 4 - PROPERTY AND EQUIPMENT

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

	2014	2013
Building and land	$ 5,028,198	$ 4,967,164
Computer equipment	15,203	13,527
Office equipment	424,953	424,953
	5,468,354	5,405,644
Less accumulated depreciation	(420,210)	(223,586)
	$ 5,048,144	$ 5,182,058
Depreciation for the year	$ 196,624	$ 159,941

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. The purchase price of the property was $3,225,000 and the costs of renovation, improvements and related expenses were $1,803,198 upon completion.

NOTE 5 - 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:

	2014	2013
The Housing Fund , Inc.	$ 183,980	$ 222,160
SunTrust Bank	311,512	376,549
Avenue Bank Note # 1	98,710	112,330
Avenue Bank Note #2	59,020	82,654
	$ 653,222	$ 793,693

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.

NOTE 5 - NOTES PAYABLE - PUERTAS ABIERTAS - CONTINUED

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.

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 6.25%) 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 7%. This note is secured by the Puertas Abiertas program loans receivable. (See Note 3.)

Annual principal maturities of notes payable as of June 30, 2014, are as follows:

Year Ending June 30,		
2015		157,607
2016		161,154
2017		113,397
2018		113,397
2019		107,667
Thereafter		-
Total	$	653,222

NOTE 6 - 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, 2014 was 3%. 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.

NOTE 6 - NOTE PAYABLE - BUILDING - CONTINUED

Annual principal maturities of the building note payable as of June 30, 2014, are as follows :

Year Ending June 30,	
2015	$ 316,315
2016	50,268
2017	1,421,917
Total	$ 1,788,500

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

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

	2014	2013
United Way of Middle Tennessee:		
Information, referral and support services for Latino workers and their families	$ 65,700	$ 39,191
Cole Family Resource Center	-	53,000
Contributions restricted for:		
Programs for the following year	128,000	177,000
Special events for the following year	40,000	52,000
HCA Foundation contribution for the purchase of new facility	-	100,000
	$ 233,700	$ 421,191

NOTE 8 - LEASES

The Agency leased its office space under a month to month operating lease. The lease required monthly payments of $2,750 from July through December 2012. The lease terminated effective December 31, 2012. Total rental expense for the year ended June 30, 2014 was $-0- ($18,100 in 2013). The rent expense was net of amounts received for space subleased through the Agency by a related party in the amount of $-0- and $3,000 for the years ended June 30, 2014 and 2013 respectively.

The Agency entered into a lease for the use of office equipment. The lease began June 23, 2011 and expires September 23, 2016 and has a fixed monthly payment of $162. The rent paid on this lease for the year ended June 30, 2014 was $1,944 ($1,967 in 2013).

NOTE 8 - LEASES - CONTINUED

The future minimum lease payments required are as follows:

Year Ending June 30,		
2015	$	1,944
2016		1,944
2017		486
Total	$	4,374

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, 2014 and 2013, contributions receivable from one source amounting to 72% and 47%, respectively of total contributions receivable. During 2014, approximately 29% of contribution revenue was received from three donors (24% of contribution revenue was received from three donors in 2013) and approximately 61% of government grants revenue related to the purchase of the building and renovations in 2013.

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, 2014, the Agency's depositor accounts exceeded FDIC insurance limits by approximately $172,902 ($56,393 as of June 30, 2013). 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:

	2014			
	Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments:				
Marketable securities	$ 7,066	$ 7,066	$ -	$ -

NOTE 10 - FAIR VALUE MEASUREMENTS - CONTINUED

	2013			
	Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments:				
Marketable securities	$ 5,871	$ 5,871	$ -	$ -

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 is as follows for the year ending June 30, 2014:

Insurance	$ 6,588
Maintenance	41,032
Event expenses	3,019
Mesa Komal expenses	14,957
Miscellaneous	7,702
Utilities	27,687
Property and other taxes	21,748
Interest	44,353
Depreciation	84,154
	$ 251,240

A schedule of direct costs and expenses related to the rented portion of the Casa Azafran Community Center is as follows for the year ending June 30, 2014:

Insurance	$ 4,706
Maintenance	29,308
Utilities	19,777
Property and other taxes	15,534
Interest	31,681
Depreciation	60,110
	$ 161,116

NOTE 12 - CONTINGENCY

The Agency is subject to property tax on the Casa Azafran Community Center Property. The Agency has appealed the property tax assessment asking that it be eliminated or at least significantly reduced due to the Agency's not-for-profit status. While the appeal is in process the Agency has elected to not accrued the property taxes in the amount of $23,442 assessed for the period from January 2014 through June 2014. If the Agency looses the appeal then this amount will become due and payable.