CONEXIÓN AMÉRICAS

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

CONEXIÓN AMÉRICAS

TABLE OF CONTENTS

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, 2020 and 2019, and the related statements of activities, functional expenses and cash flows 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, 2020 and 2019, 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.

P.O. Box 291561 • Nashville, Tennessee 37229 • 615.974.2918 • joelcollumcpa@yahoo.com

To the Board of Directors of
Conexión Américas
Page 2

Other Matters

Other Information

As discussed in the Notes to the Financial Statements, in 2020, Conexión Américas adopted Financial Accounting Standards Update (ASU) ASU 2018-08 – Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* My opinion is not modified with respect to this matter.

Joel D. Collum, Jr., CPA

Nashville, Tennessee
January 26, 2021

CONEXIÓN AMÉRICAS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS

	2020	2019
ASSETS		
Cash and cash equivalents	$ 2,371,316	$ 1,872,006
Government grant receivables	646,171	829,913
Contributions receivable	806,000	491,002
Loans receivable - Puertas Abiertas program, net	4,940	6,970
Investments	13,708	13,624
Deferred costs	-	237,817
Property and equipment, net	5,121,249	5,319,339
TOTAL ASSETS	$ 8,963,384	$ 8,770,671

LIABILITIES AND NET ASSETS

	2020	2019
LIABILITIES		
Accounts payable	$ 32,722	$ 63,414
Accrued expenses	7,576	18,329
Notes payable:		
Puertas Abiertas program	187,553	270,886
Small Business Administration PPP loan	493,145	-
Parking lot loan	537,422	559,955
Mortgage on building	1,210,800	1,265,218
TOTAL LIABILITIES	2,469,218	2,177,802
NET ASSETS		
Without donor restrictions	5,688,166	4,658,689
With donor restrictions	806,000	1,934,180
TOTAL NET ASSETS	6,494,166	6,592,869
TOTAL LIABILITIES AND NET ASSETS	$ 8,963,384	$ 8,770,671

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

CONEXIÓN AMÉRICAS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
REVENUES:						
Fee for services	$ 21,715	$ -	$ 21,715	$ 30,950	$ -	$ 30,950
Interest	(3,227)	-	(3,227)	9,748	-	9,748
Dividends	218	-	218	221	-	221
Realized and unrealized gain (loss) on investments	(134)	-	(134)	2,741	-	2,741
Total Revenues	18,572	-	18,572	43,660	-	43,660
PUBLIC SUPPORT:						
Contributions	1,233,299	1,003,501	2,236,800	1,040,125	1,824,215	2,864,340
Government grants	1,619,982	-	1,619,982	1,619,299	-	1,619,299
Fundraising events	322,504	-	322,504	346,907	-	346,907
Temporarily restricted net assets released from restriction	2,131,681	(2,131,681)	-	1,224,632	(1,224,632)	-
Total Public Support	5,307,466	(1,128,180)	4,179,286	4,230,963	599,583	4,830,546
Total Support and Revenue	5,326,038	(1,128,180)	4,197,858	4,274,623	599,583	4,874,206
RENTAL ACTIVITY						
Rental income	307,694	-	307,694	335,704	-	335,704
Direct costs and expenses of rental property	-	-	-	-	-	-
Rental Activity, Net	307,694	-	307,694	335,704	-	335,704

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

CONEXIÓN AMÉRICAS
STATEMENTS OF ACTIVITIES - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES						
Program services:						
Social and economic advancement programs	$ 4,171,352	$ -	$ 4,171,352	$ 4,604,482	$ -	$ 4,604,482
Management and general	249,622	-	249,622	217,995	-	217,995
Fundraising	183,281	-	183,281	218,269	-	218,269
Total Expenses	4,604,255	-	4,604,255	5,040,746	-	5,040,746
Change in net assets	1,029,477	(1,128,180)	(98,703)	(430,419)	599,583	169,164
Net assets - beginning of year	4,658,689	1,934,180	6,592,869	5,089,108	1,334,597	6,423,705
Net assets - end of year	$ 5,688,166	$ 806,000	$ 6,494,166	$ 4,658,689	$ 1,934,180	$ 6,592,869

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

CONEXIÓN AMÉRICAS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020				2019			
	Social and Economic Advancement Programs	Management and General	Fundraising	Total	Social and Economic Advancement Programs	Management and General	Fundraising	Total
Salaries	$ 1,868,466	$ 145,705	$ 108,572	$ 2,122,743	$ 1,751,125	$ 130,631	$ 104,932	$ 1,986,688
Contract labor	2,537	-	-	2,537	-	-	-	-
Payroll taxes	143,540	11,193	8,341	163,074	135,451	10,104	8,117	153,672
Employee fringe benefits	82,073	6,400	4,769	93,242	74,229	5,537	4,448	84,214
Total payroll and related expenses	2,096,616	163,298	121,682	2,381,596	1,960,805	146,272	117,497	2,224,574
Advertising and promotion	19,564	-	1,030	20,594	21,512	-	1,132	22,644
Automobile expense	1,261	-	-	1,261	803	-	-	803
Depreciation of equipment	33,875	6,049	403	40,327	49,485	8,837	589	58,911
Dues and subscriptions	8,802	1,553	-	10,355	7,897	1,393	-	9,290
Executive director search	-	900	-	900	-	7,693	-	7,693
Insurance	8,695	1,535	-	10,230	21,348	3,768	-	25,116
Interest expense	9,567	20,750	-	30,317	10,587	21,810	-	32,397
Meals and entertainment	10,730	1,277	766	12,773	12,460	1,483	890	14,833
Miscellaneous expense	-	13,650	-	13,650	52,382	(5,700)	-	46,682
Office supplies and expense	25,053	4,421	-	29,474	25,914	4,573	-	30,487
Professional fees	-	29,786	-	29,786	-	19,279	-	19,279
Provision for uncollectible loans	(18,270)	-	-	(18,270)	28,075	-	-	28,075
Repairs and maintenance	-	-	-	-	255	30	15	300
Technology	17,156	2,018	1,009	20,183	23,640	2,781	1,391	27,812
Telephone	19,124	3,415	228	22,767	17,613	3,145	210	20,968
Training	16,110	-	-	16,110	28,949	-	-	28,949
Travel	5,092	970	-	6,062	13,810	2,631	-	16,441
Program expenses:								
Art Place in America	69,232	-	-	69,232	113,407	-	-	113,407
COVID 19 and tornado relief	200,669	-	-	200,669	-	-	-	-
Don't drink and drive campaign	-	-	-	-	35	-	-	35
Education policy	318,279	-	-	318,279	484,055	-	-	484,055
Escalera	31,200	-	-	31,200	49,109	-	-	49,109
Family and Children's Services	115,000	-	-	115,000	115,000	-	-	115,000

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

CONEXIÓN AMÉRICAS
STATEMENTS OF FUNCTIONAL EXPENSES - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020				2019			
	Social and Economic Advancement Programs	Management and General	Fundraising	Total	Social and Economic Advancement Programs	Management and General	Fundraising	Total
Program expenses (continued):								
Mesa Komal	36,684	-	-	36,684	38,529	-	-	38,529
Mosaic Fellowship	83,280	-	-	83,280	168,967	-	-	168,967
Parents as Partners	14,394	-	-	14,394	22,214	-	-	22,214
Park	237,817	-	-	237,817	285,767	-	-	285,767
Placemaking	-	-	-	-	312	-	-	312
Migrant education	352,730	-	-	352,730	509,192	-	-	509,192
Other program expenses	46,696	-	-	46,696	126,595	-	-	126,595
Fundarising expenses:								
Coffee expenses	-	-	3,510	3,510	-	-	5,593	5,593
Fundraising breakfast	-	-	13,465	13,465	-	-	57,294	57,294
Hispanic Heritage fundraising event	-	-	41,188	41,188	-	-	33,658	33,658
Direct costs related to Casa Azafran facility:								
Operating	411,996	-	-	411,996	415,765	-	-	415,765
Total Functional Expenses	4,171,352	249,622	183,281	4,604,255	4,604,482	217,995	218,269	5,040,746
Less rental expenses netted against revenues on the statement of activities	-	-	-	-	-	-	-	-
Total Expenses Reported Under Program and Supporting Services	$ 4,171,352	$ 249,622	$ 183,281	$ 4,604,255	$ 4,604,482	$ 217,995	$ 218,269	$ 5,040,746

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

CONEXIÓN AMÉRICAS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (98,703)	$ 169,164
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	198,090	216,673
Realized and unrealized gain on investments	134	(2,741)
Provision for uncollectible loans	(18,270)	28,075
Non cash contribution of investments	(218)	(221)
(Increase) decrease in:		
Government grant receivables	183,742	(304,377)
Contributions receivable	(314,998)	(200,502)
Deferred costs	237,817	117,003
Increase (decrease) in :		
Accounts payable	(30,692)	(275,142)
Accrued expenses	(10,753)	7,861
Total Adjustments	244,852	(413,371)
Net Cash Provided (Used) By Operating Activities	146,149	(244,207)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(24,987)
Principal repayments received on housing down payment assistance loans receivable	20,300	16,946
Net Cash Provided (Used) By Investing Activities	20,300	(8,041)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new loans - SBA PPP Loan	493,145	-
Principal repayments on housing down payment assistance loan payable	(83,333)	(22,654)
Principal repayments installment loan for the lot	(22,533)	(21,623)
Principal repayments on mortgage	(54,418)	(48,703)
Net Cash Provided (Used) By Financing Activities	332,861	(92,980)
Net Increase (Decrease) in Cash and Cash Equivalents	499,310	(345,228)
Cash and Cash Equivalents - Beginning of Year	1,872,006	2,217,234
Cash and Cash Equivalents - End of Year	$ 2,371,316	$ 1,872,006
SUPPLEMENTAL INFORMATION AND NON-CASH INVESTING AND FINANCING ACTIVITIES		
Interest expense paid	$ 77,649	$ 81,673

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

NOTE 1 - GENERAL

Conexión Américas (the "Agency") was organized as a Tennessee not-for-profit corporation in 2002 to help Hispanic families realize their aspirations for social and economic advancement by promoting their integration into the Middle Tennessee community. The Agency's mission is to build a welcoming community and create opportunities where Latino families can belong, contribute and succeed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Resources are classified as net assets without donor restrictions and net assets with donor restrictions, based on the existence or absence of donor-imposed restrictions.

Contributions and Support

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions are considered to be available without donor restrictions unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as support with donor restrictions as that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

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

The Agency reports gifts of equipment or materials as support without donor restrictions unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

The Agency reports restricted contributions whose restrictions are met in the period that they are received as contributions without donor restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions and Support - Continued

Unconditional promises to give that are expected to be collected within one year are reported as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on these amounts is computed using the risk-free interest rate applicable to the year in which the promise is received (not applicable in 2020 and 2019). 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, 2020 are due during the next fiscal year.

Cash and Cash Equivalents

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

Investments

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

Loans Receivable

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

The accrual of interest is discontinued when a loan becomes 30 days past due according to the contractual terms of the note, or when management believes, after considering economic and business conditions and collection efforts, that the principal or interest will not be collectible in the normal course of business. All loans 30 days or more past due as of June 30, 2020 and 2019 were on non-accrual status. When a loan is placed on non-accrual status, previously accrued and uncollected interest is charged against interest income on loans. All payments on non-accrual loans are applied to the principal balance outstanding. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using historical loan loss experience, the nature and volume of the portfolio, information about specific borrower situations, estimated collateral values, and current economic conditions. The allowance consists of specific and general components. The specific component relates to loans where the underlying collateral properties have been foreclosed. Generally, loans in this category are either fully reserved as part of the allowance for loan losses, or are written off. The general component is based on historical loss experience adjusted for current factors. The entire allowance is available for any loan that, in management's judgment, should be charged off.

Property and Equipment

Property and equipment is reported at cost at the date of purchase or at estimated fair value at date of gift to the Agency. The Agency's policy is to capitalize purchases with a cost of $1,000 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from three to seven years for equipment and forty years for buildings. Depreciation expense related to rental activity is included in the direct costs and the expenses of the rental property in the financial statements .

Donated Goods and Services

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

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

Allocation of Functional Expenses

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Program and Supporting Services

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

Program Services

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

Supporting Services

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

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

Use of Estimates in the Preparation of Financial Statements

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

Fair Value Measurements

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Measurements - continued

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

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

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

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

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

Income Taxes

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

The Agency files a U.S. federal Form 990 for organizations exempt from income tax and Form 990-T, an exempt organization business income tax return. In addition, the Agency files a Tennessee state Franchise and Excise Tax Return. The Agency's federal and state returns for years prior to 2017 are no longer open to examination.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Agency's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Events Occurring after Reporting Date

The Agency has evaluated events and transactions that occurred between June 30, 2020 and January 22, 2021 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:

	2020	2019
Loans receivable	$ 49,405	$ 69,705
Less: allowance for uncollectible loans	(44,465)	(62,735)
	$ 4,940	$ 6,970

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

	2020	2019
Allowance for loan losses:		
Beginning balance	$ 62,735	$ 34,660
Charge-offs	-	-
Recoveries	-	-
Provisions	(18,270)	28,075
Ending balance	$ 44,465	$ 62,735
Ending balance: individually evaluated for impairment	$ -	$ -
Ending balance: collectively evaluated for impairment	$ 44,465	$ 62,735
Loans:		
Ending balance	$ 49,405	$ 69,705
Ending balance: individually evaluated for impairment	$ -	$ -
Ending balance: collectively evaluated for impairment	$ 49,405	$ 69,705

NOTE 4 - PROPERTY AND EQUIPMENT

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

	2020	2019
Building	$ 5,190,482	$ 5,190,482
Land	1,039,160	1,039,160
Computer equipment	92,566	92,566
Office equipment	432,751	432,751
	6,754,959	6,754,959
Less accumulated depreciation	(1,633,710)	(1,435,620)
	$ 5,121,249	$ 5,319,339
Depreciation for the year	$ 198,090	$ 216,673

On December 29, 2011, the Agency purchased a building in Nashville, Tennessee for the purpose of establishing the Casa Azafran Community Center, a nonprofit collaborative committed to the social, economic and civic integration of immigrant families and other vulnerable communities in Davidson County. The Agency completed construction and relocated its operations to this facility in November 2012.

On March 15, 2017 the Agency purchased a piece of property two doors down from Casa Azafran. While there are no immediate plans for the property, other than using it for excess parking needs, the board considered the purchase to be a worthwhile investment for the future.

NOTE 5 - LEASES

The Agency entered into a lease for the use of office equipment. The lease began December 8, 2015 and expires December 8, 2020 and has a fixed monthly payment of $192. The rent paid on this lease for the year ended June 30, 2020 was $2,304 ($2,304 in 2019).

The future minimum lease payments required are as follows:

Year Ending June 30,	
2021	$ 1,152
Total	$ 1,152

NOTE 6 - EMPLOYEE BENEFIT PLAN

The Agency sponsors a 403(b) retirement plan which is administered by Mutual of America. Employees are allowed to make contributions to the plan on a pre-tax basis up to the limits set by IRS regulations. The Agency does not match employee contributions to the plan.

NOTE 7 - NOTES PAYABLE - SMALL BUSINESS ADMINISTRATION LOAN

On April 17, 2020, the Agency obtained a Small Business Administration Paycheck Protection Program Loan from Pinnacle Bank. The note bears interest at 1% per year. Monthly payments of $27,190 are required beginning seven months from the date of the note and the note matures two years from the date of the note. The balance on the note at June 30, 2020 was $493,145. The Agency expects the note to be forgiven, accordingly, no principal maturity schedule is presented.

NOTE 8 - NOTES PAYABLE - PUERTAS ABIERTAS

On January 24, 2019, 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, 2020 was 0.00% (1.50% at June 30, 2019). This note was used to pay off the notes that were originally used to finance the down payment assistance program. Monthly payments of $2,935 are required through December 24, 2021. The loan matures January 24, 2022 and the remaining balance is due and payable on that date. Because the loan has a below market stated interest rate, interest of $7,679 ($6,825 for the year ended June 30, 2019) was imputed on the loan based on the interest rate that the Agency is paying on its other loans to Pinnacle Bank.

	2020	2019
Pinnacle Bank	$ 187,553	$ 270,886

Annual principal maturities of the note payable as of June 30, 2020, are as follows:

Year Ending June 30,	
2021	$ 28,678
2022	158,875
Total	$ 187,553

NOTE 9 - 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.

	2020	2019
Pinnacle Bank	$ 1,210,800	$ 1,265,218

Annual principal maturities of the building note payable as of June 30, 2020, are as follows :

Year Ending June 30,	
2021	$ 52,304
2022	1,158,496
Total	$ 1,210,800

NOTE 10 - NOTE PAYABLE - PARKING LOT

On March 15, 2019 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.

	2020	2019
Pinnacle Bank	$ 537,422	$ 559,955

Annual principal maturities of the building note payable as of June 30, 2020, are as follows :

Year Ending June 30,	
2021	$ 23,099
2022	514,323
Total	$ 537,422

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
United Way of Middle Tennessee:		
Information, referral and support services for Latino workers and their families	$ 85,000	$ 120,002
Contributions restricted for:		
Programs for the following year	721,000	371,000
Education Policy	-	1,443,178
	$ 806,000	$ 1,934,180

NOTE 12 - 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, 2020, contributions receivable from one source amounted to 53% of total contributions receivable (56% from one source was receivable at June 30, 2019). During 2020, approximately 32% of contribution revenue was received from two donors (46% of contribution revenue was received from three donors in 2019).

Additionally, the Agency receives a substantial amount of support from grants. A reduction in such support, should it occur, would have a significant effect on activities and programs.

NOTE 12 - CONCENTRATIONS OF CREDIT RISK - CONTINUED

The Agency maintains cash accounts at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. As of June 30, 2020, the Agency's depositor accounts exceeded FDIC insurance limits by approximately $1,976,444 ($1,802,899 as of June 30, 2019). The Agency has entered into an agreement with its primary financial institution to insure all of its deposits.

NOTE 13 - FAIR VALUE MEASUREMENTS

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

	2020			
	Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments:				
Marketable securities	$ 13,708	$ 13,708	$ -	$ -

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

NOTE 14 - COMMITMENT AND DEFERRED COSTS

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

The amount expended on the part of the Agency exceeded the revenue that it had received. Since the Park is not an asset of the Agency, management had previously elected to classify the total of the excess expenditures as deferred cost on the statement of financial position. The Agency is no longer trying to raise revenue for the Park and accordingly expensed the deferred cost in 2020.

NOTE 15 - NEW ACCOUNTING PRONOUNCEMENT

In June, 2018, the FASB issued ASU 2018-08 – Not-for-Profit Entities (Topic 958)*: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Agency management reviewed its grant agreements and determined that none of them met both of the criteria required in this pronouncement. Accordingly, there was no change in the way the Agency recorded contributions based on this pronouncement.

NOTE 16 - PROMISES TO GIVE

Unconditional promises to give consist of the following:

	2020	2019
United Way of Middle Tennessee:		
Information, referral and support services for		
Latino workers and their families	$ 85,000	$ 120,002
Contributions restricted for:		
Programs for the following year	721,000	371,000
	$ 806,000	$ 491,002
Amounts due in:		
Less than one year	$ 616,000	$ 471,002
One to five years	190,000	20,000
Over five years	-	-
	$ 806,000	$ 491,002

NOTE 17 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Agency's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes.

	2020	2019
Financial assets at year-end	$ 3,842,135	$ 3,213,515
Less those unavailable for general expenditures within one year due to:		
Reserved for net assets with donor restrictions	(806,000)	(1,934,180)
Financial assets available to meet cash needs for general expenditures within one year	$ 3,036,135	$ 1,279,335

NOTE 18 - SUBSEQUENT EVENTS

During the last four months of the Agency's fiscal year there was a pandemic caused by the COVID-19 virus. Additionally, there was also a tornado that struck Nashville and Middle Tennessee during this time. The effect on the Agency has been to decrease regular donations but at the same time to increase donations for COVID 19 and tornado relief. Subsequent to year end the Agency has paid out a significant amount of money for COVID 19 and tornado relief. The upcoming fiscal year’s operations will continue to be meaningfully impacted by the pandemic causing the organization to adapt its programming in addition to pandemic support activities for the organizations constituents.