

CONEXIÓN AMÉRICAS
NASHVILLE, TENNESSEE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2011 AND 2010

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Conexión Américas
Nashville, Tennessee

We have audited the accompanying statements of financial position of Conexión Américas (the "Agency"), a Tennessee not-for-profit corporation, as of June 30, 2011 and 2010, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Conexión Américas as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

KraftCPAs PLLC

Nashville, Tennessee
January 10, 2012

CONEXIÓN AMÉRICAS

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 329,164	\$ 291,396
Grants and other receivables	40,253	48,077
Contributions receivable	205,996	218,952
In-kind software contribution receivable	-	40,771
Loans receivable, net	725,846	925,302
Investments	2,697	2,265
Equipment, net	38,122	2,793
Other assets	1,600	1,600
Cash with donor restrictions for long-term purposes	<u>486,500</u>	<u>457,000</u>
TOTAL ASSETS	<u>\$ 1,830,178</u>	<u>\$ 1,988,156</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ 75
Accrued expenses	8,419	6,807
Notes payable	<u>1,033,048</u>	<u>1,159,219</u>
TOTAL LIABILITIES	<u>1,041,467</u>	<u>1,166,101</u>
<u>NET ASSETS</u>		
Unrestricted	58,945	32,955
Temporarily restricted	<u>729,766</u>	<u>789,100</u>
TOTAL NET ASSETS	<u>788,711</u>	<u>822,055</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,830,178</u>	<u>\$ 1,988,156</u>

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

CONEXIÓN AMÉRICAS

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT AND REVENUE			
Revenues:			
Fee for services	\$ 26,664	\$ -	\$ 26,664
Interest	72,951	-	72,951
Realized and unrealized gain (loss) on investments	432	-	432
Total Revenues	100,047	-	100,047
Public Support:			
Contributions	90,584	519,058	609,642
Government grants	158,610	-	158,610
Fundraising events	188,861	-	188,861
Temporarily restricted net assets released from restriction	578,392	(578,392)	-
Total Public Support	1,016,447	(59,334)	957,113
TOTAL SUPPORT AND REVENUE	1,116,494	(59,334)	1,057,160
EXPENSES			
Program services:			
Social and economic advancement programs	627,734	-	627,734
Flood assistance program	294,898	-	294,898
Management and general	81,682	-	81,682
Fundraising	86,190	-	86,190
TOTAL EXPENSES	1,090,504	-	1,090,504
CHANGE IN NET ASSETS	25,990	(59,334)	(33,344)
NET ASSETS - BEGINNING OF YEAR	32,955	789,100	822,055
NET ASSETS - END OF YEAR	\$ 58,945	\$ 729,766	\$ 788,711

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

2010

<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
\$ 33,171	\$ -	\$ 33,171
91,832	-	91,832
(413)	-	(413)
<u>124,590</u>	<u>-</u>	<u>124,590</u>
170,849	567,433	738,282
212,310	-	212,310
135,255	30,000	165,255
<u>133,980</u>	<u>(133,980)</u>	<u>-</u>
<u>652,394</u>	<u>463,453</u>	<u>1,115,847</u>
<u>776,984</u>	<u>463,453</u>	<u>1,240,437</u>
602,374	-	602,374
-	-	-
60,838	-	60,838
<u>74,329</u>	<u>-</u>	<u>74,329</u>
<u>737,541</u>	<u>-</u>	<u>737,541</u>
39,443	463,453	502,896
<u>(6,488)</u>	<u>325,647</u>	<u>319,159</u>
<u>\$ 32,955</u>	<u>\$ 789,100</u>	<u>\$ 822,055</u>

CONEXIÓN AMÉRICAS

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (33,344)	\$ 502,896
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,311	1,022
Realized and unrealized (gain) loss on investments	(432)	413
Provision for uncollectible loans	87,265	113,495
Noncash contribution of investments	-	(1,638)
In-kind software contribution receivable	-	(40,771)
Restricted contributions for long-term purposes	(29,500)	(257,000)
(Increase) decrease in:		
Grants and other receivables	7,824	20,601
Contributions receivable	12,956	(146,759)
Increase (decrease) in:		
Accounts payable	(75)	(5,265)
Accrued expenses	1,612	1,865
TOTAL ADJUSTMENTS	<u>95,961</u>	<u>(314,037)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>62,617</u>	<u>188,859</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(10,869)	(1,599)
Principal repayments on housing downpayment assistance loans	112,191	126,205
Increase in cash designated for long term purposes	<u>(29,500)</u>	<u>(257,000)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>71,822</u>	<u>(132,394)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of donor contributions for long term purposes	29,500	257,000
Principal repayments on notes payable	<u>(126,171)</u>	<u>(131,385)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(96,671)</u>	<u>125,615</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	37,768	182,080
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>291,396</u>	<u>109,316</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 329,164</u>	<u>\$ 291,396</u>
ADDITIONAL CASH FLOW INFORMATION:		
Interest expense paid	<u>\$ 63,478</u>	<u>\$ 70,247</u>

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

CONEXIÓN AMÉRICAS

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011				
	Program Services		Management and General	Fundraising	Totals
	Social and Economic Advancement Programs	Flood Assistance Programs			
Salaries	\$ 268,573	\$ 105,626	\$ 46,050	\$ 20,307	\$ 440,556
Contract labor	6,000	-	-	-	6,000
Payroll taxes	22,386	8,805	3,838	1,693	36,722
Employee fringe benefits	7,298	2,870	1,251	552	11,971
TOTAL PAYROLL AND RELATED EXPENSES	304,257	117,301	51,139	22,552	495,249
Provision for uncollectible loans	87,265	-	-	-	87,265
Advertising and promotion	2,051	-	-	108	2,159
Automobile expense	451	-	-	-	451
Coffee expenses	-	-	-	16,860	16,860
Disaster relief	-	177,597	-	-	177,597
Don't drink and drive campaign	26,073	-	-	-	26,073
Dues and subscriptions	3,374	-	595	-	3,969
Education outreach	15,763	-	-	-	15,763
Family Resource Center	8,625	-	-	-	8,625
Fundraising breakfast	-	-	-	20,569	20,569
Furniture, fixtures and equipment rental	1,519	-	271	18	1,808
Hispanic Heritage fundraising event	-	-	-	22,676	22,676
Insurance	2,701	-	318	159	3,178
Interest expense	63,478	-	-	-	63,478
Low income taxpayer clinic	1,749	-	-	-	1,749
Maintenance and repairs	1,785	-	210	105	2,100
Meals and entertainment	2,313	-	440	-	2,753
Miscellaneous expense	1,673	-	8,112	-	9,785
Office supplies and expense	10,243	-	1,807	-	12,050
Parents to Partners campaign	22,037	-	-	-	22,037
Professional fees	-	-	10,038	-	10,038
Program materials	6,422	-	-	-	6,422
Rent	22,185	-	2,610	1,305	26,100
Technology	12,671	-	1,584	1,584	15,839
Telephone	7,160	-	1,279	85	8,524
Training	5,765	-	-	-	5,765
Translation expense	70	-	-	-	70
Travel	4,302	-	820	-	5,122
Utilities	101	-	12	6	119
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	614,033	294,898	79,235	86,027	1,074,193
Depreciation of equipment	13,701	-	2,447	163	16,311
TOTAL FUNCTIONAL EXPENSES	\$ 627,734	\$ 294,898	\$ 81,682	\$ 86,190	\$ 1,090,504

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

2010

<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
\$ 255,945	\$ 38,733	\$ 15,712	\$ 310,390
21,919	3,317	1,346	26,582
<u>2,046</u>	<u>310</u>	<u>126</u>	<u>2,482</u>
279,910	42,360	17,184	339,454
113,495	-	-	113,495
1,196	-	63	1,259
523	93	6	622
-	-	14,256	14,256
16,000	-	-	16,000
22,980	-	-	22,980
3,371	595	-	3,966
3,748	-	-	3,748
4,802	-	-	4,802
-	-	18,112	18,112
1,361	243	16	1,620
-	-	24,087	24,087
2,881	515	34	3,430
70,247	-	-	70,247
15,491	-	-	15,491
1,747	312	21	2,080
627	119	-	746
2,520	480	-	3,000
7,305	1,289	-	8,594
12,957	-	-	12,957
-	8,499	-	8,499
-	-	-	-
19,740	3,760	-	23,500
3,652	456	-	4,108
6,959	1,243	456	8,658
3,942	-	83	4,025
2,271	-	-	2,271
3,690	703	-	4,393
<u>100</u>	<u>18</u>	<u>1</u>	<u>119</u>
601,515	60,685	74,319	736,519
<u>859</u>	<u>153</u>	<u>10</u>	<u>1,022</u>
<u>\$ 602,374</u>	<u>\$ 60,838</u>	<u>\$ 74,329</u>	<u>\$ 737,541</u>

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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

Basis of Presentation

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

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

- *Unrestricted net assets* are free of donor-imposed restrictions. All revenues, gains and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors’ stipulations results in the release of the restriction.
- *Temporarily restricted net assets* are limited as to use by donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose.
- *Permanently restricted net assets* are amounts required by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations. The Agency had no permanently restricted net assets as of June 30, 2011 and 2010.

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support

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

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

The Agency also receives certain grant revenue from the 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. Grant receivables relate primarily to grant money from the State of Tennessee Department of Transportation.

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

Promises to Give

Unconditional promises to give that are expected to be collected within one year are reported as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on these amounts is computed using the risk-free interest rate applicable to the year in which the promise is received (not applicable in 2011 and 2010). 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, 2011, are due during the next fiscal year.

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Provision for Uncollectible Loans

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

Investments

Investments consist of publicly-traded marketable securities and are reported at the quoted market value on 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.

Equipment

Equipment is reported at cost at the date of purchase or at estimated fair value at date of gift to the Agency. The Agency's policy is to capitalize purchases with a cost of \$1,000 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from three to seven years.

Donated Goods and Services

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

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

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

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

NOTE 1 - 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.

Flood Assistance Programs - After the historic May 2010 floods that affected Middle Tennessee, Conexión Américas managed the Antioch Restore the Dream Center, a partnership funded by United Way of Metropolitan Nashville, and offered services to all flood survivors in Nashville's southeast flood recovery area. Through intense case management, Conexión Américas became a long-term partner that helped flood victims coordinate services, advocate for resources, and evaluate progress until self-sufficiency was reached. In addition to providing long-term case management, Conexión Américas distributed resources directly to flood victims in the form of cash assistance, rent or mortgage payment assistance, construction materials, skilled labor and appliances. Conexión Américas assisted 383 flood victims.

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.

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

NOTE 1 - 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.

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 2008 are closed.

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

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

Events Occurring after Reporting Date

The Agency has evaluated events and transactions that occurred between June 30, 2011 and January 10, 2012, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - LOANS RECEIVABLE

The Agency has established a program known as *Puertas Abiertas* to assist Hispanic families in the Middle Tennessee community in purchasing homes by providing down payment financing. Down payment assistance loans to homebuyers generally range from \$1,500 to \$10,000, with a maturity date of 10 years from the date of the loan, and bear interest at rates from 7.5% to 9.75%. These loans are secured by a second priority deed of trust on the property. The loans are also pledged as collateral on the related notes payable to other lending institutions (see Note 4).

Loans receivable consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Loans receivable	\$ 1,026,098	\$ 1,138,289
Less: allowance for uncollectible loans	<u>(300,252)</u>	<u>(212,987)</u>
	<u>\$ 725,846</u>	<u>\$ 925,302</u>

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

NOTE 2 - LOANS RECEIVABLE (CONTINUED)

Annual principal maturities of down payment assistance loans are as follows as of June 30, 2011:

For the year ending June 30,

2012	\$ 132,670
2013	143,737
2014	155,371
2015	166,862
2016	166,136
Thereafter	<u>261,322</u>
	1,026,098
Less: allowance for uncollectible loans	<u>(300,252)</u>
Total	<u>\$ 725,846</u>

NOTE 3 - EQUIPMENT

Equipment consisted of the following as of June 30:

	<u>2011</u>	<u>2010</u>
Computer equipment	\$ 60,164	\$ 8,524
Office equipment	<u>7,874</u>	<u>7,874</u>
	68,038	16,398
Less accumulated depreciation	<u>(29,916)</u>	<u>(13,605)</u>
	<u>\$ 38,122</u>	<u>\$ 2,793</u>

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

NOTE 4 - NOTES PAYABLE

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

	<u>2011</u>	<u>2010</u>
The Housing Fund, Inc.	\$ 283,864	\$ 323,721
SunTrust Bank	476,905	523,555
Avenue Bank Note #1	147,088	165,773
Avenue Bank Note #2	<u>125,191</u>	<u>146,170</u>
	<u>\$ 1,033,048</u>	<u>\$ 1,159,219</u>

The Housing Fund, Inc. (a Tennessee not-for-profit organization) agreed to loan the Agency up to \$500,000. The agreement is evidenced by a note, which mirrors the terms of and is secured by the *Puertas Abiertas* program loans receivable (see Note 2). The note matures upon the final due date of the related loans receivable and bears interest at the rate of 5%. Principal collections on the related loans receivable are required to be applied to the note payable.

SunTrust Bank agreed to loan the Agency up to \$650,000. The agreement is evidenced by a note, which mirrors the terms of and is secured by the *Puertas Abiertas* program loans receivable (see Note 2). The note matures upon the final due date of the related loans receivable and bears interest at the rate of 5.5%. Principal collections on the related loans receivable are required to be applied to the note payable.

Avenue Bank agreed to loan the Agency up to \$197,427. The agreement is evidenced by a note (Avenue Bank Note #1) that requires monthly payments of interest only at 6.25% through April 2009, at which time monthly principal and interest payments of \$1,695 are due through March 2019. All remaining unpaid interest and principal is due April 2019. The note is secured by the *Puertas Abiertas* program loans receivable. In October 2008, the Agency refinanced the balance of an obligation to another financial institution, in the amount of \$174,994, with Avenue Bank (Avenue Bank Note #2). This note requires monthly payments of \$2,395 through October 2016 and bears interest at the rate of 7%. This note is secured by the *Puertas Abiertas* program loans receivable. (See Note 2.)

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

NOTE 4 - NOTES PAYABLE (CONTINUED)

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

For the year ending June 30,

2012	\$ 138,803
2013	138,658
2014	149,522
2015	160,446
2016	162,615
Thereafter	<u>283,004</u>
Total	<u>\$ 1,033,048</u>

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2011</u>	<u>2010</u>
United Way of Middle Tennessee:		
Information, referral and support services for Latino workers and their families	\$ 39,191	\$ 39,747
Establishment and operation of the Cole Family Resource Center	43,950	43,950
Operation of a mobile family resource center serving families impacted by the May 2010 flooding	42,700	91,667
Contributions restricted for:		
Purchase of computer software and hardware	-	66,736
Programs for the following year	117,425	60,000
Special events for the following year	-	30,000
Purchase of a new facility	36,500	7,000
Bank of America Charitable Foundation:		
Contribution to aid with feasibility costs for development of a mixed-use building project	200,000	200,000
Joe C. Davis Foundation:		
Contribution for the purchase of a new facility	<u>250,000</u>	<u>250,000</u>
	<u>\$ 729,766</u>	<u>\$ 789,100</u>

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Agency to concentrations of credit risk consist of cash and contributions receivable. Contributions receivable consist of corporate and foundation pledges receivable. At June 30, 2011 and 2010, contributions receivable from one source amounted to 69% and 76%, respectively of total contributions receivable. During 2011, approximately 25% of total public support was received from one donor (43% of total public support was received from two donors in 2010).

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, 2011, the Agency's depositor accounts exceeded FDIC insurance limits by approximately \$81,000.

NOTE 7 - LEASES

The Agency leases its office space under a month to month operating lease. The lease requires monthly payments of \$2,650 from July through December 2010 and \$2,700 from January through June 2011. Total rental expense for the year ended June 30, 2011 was \$26,100 (\$23,500 in 2010). The rent expense was net of amounts received for space subleased through the Agency by a related party in the amount of \$6,000 for the year ended June 30, 2011 and 2010.

NOTE 8 - 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, 2011:

		2011			
		Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments:					
Marketable securities		\$ 2,697	\$ 2,697	\$ -	\$ -
		2010			
		Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments:					
Marketable securities		\$ 2,265	\$ 2,265	\$ -	\$ -

CONEXIÓN AMÉRICAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

NOTE 9 - SUBSEQUENT EVENT

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 will relocate its operations to this facility. The purchase price of the property was \$3,225,000 and the costs of renovation, improvements and related expenses are estimated to be \$1.5 million. The Agency obtained a \$2,388,500 mortgage that bears interest at the Lender's Index Rate and will not be less than 4% per annum. 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. The Agency has received a commitment from a federal government agency for a grant in the amount of \$1,309,000 that will be applied towards the purchase of this property and the related improvements. In addition, the Agency has begun a capital campaign to raise contributions.