ALIGNMENT NASHVILLE, INC.

FINANCIAL STATEMENTS
AND OTHER INFORMATION

JUNE 30, 2013 AND 2012

ALIGNMENT NASHVILLE, INC.

Table of Contents

Independent Auditor's Report

To the Board of Directors
Alignment Nashville, Inc.
Nashville, Tennessee

We have audited the accompanying financial statements of Alignment Nashville, Inc. (the "Organization"), a Tennessee not-for-profit corporation, which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities 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

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 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alignment Nashville, Inc. as of June 30, 2013 and 2012, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of support and revenue, expenses and changes in net assets on pages 13 - 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Crosslin + Associates, P.C.

Nashville, Tennessee
December 16, 2013

ALIGNMENT NASHVILLE, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30, 2013	June 30, 2012
Cash	$ 242,722	$ 152,357
Contracts and grants receivable (Note B)	62,832	33,092
Furniture and equipment, net (Note C)	77,076	-
Total assets	$ 382,630	$ 185,449

LIABILITIES

	2013	2012
Accounts payable and accrued expenses	$ 32,367	$ 59,062
Deferred revenue	10,000	84,000
Total liabilities	42,367	143,062

NET ASSETS

	2013	2012
Unrestricted	340,263	33,217
Temporarily restricted (Note E)	-	9,170
Total net assets	340,263	42,387
Total liabilities and net assets	$ 382,630	$ 185,449

See accompanying notes to financial statements.

ALIGNMENT NASHVILLE, INC.
STATEMENTS OF ACTIVITIES

	2013		
	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributions	$ 216,478	$ -	$ 216,478
Grants	714,344	-	714,344
Registration and service income	364,538	-	364,538
In-Kind contributions	115,043	-	115,043
Other income	694	-	694
Net assets released from restrictions	9,170	(9,170)	-
Total support and revenue	1,420,267	(9,170)	1,411,097
Expenses:			
Program activities			
Children's Health Initiative	48,079	-	48,079
ITEST	70,783	-	70,783
Stem Hub	14,892	-	14,892
Baptist Healing Trust	14,786	-	14,786
Ford Hub	197,325	-	197,325
Ford National	90,651	-	90,651
Ford Hub-Branding/MNPS	22,714	-	22,714
Pre-K	-	-	-
Alignment Nashville USA	14,052	-	14,052
Other Programs	66,484	-	66,484
Support services	573,455	-	573,455
Total expenses	1,113,221	-	1,113,221
Net increase (decrease) in net assets	307,046	(9,170)	297,876
Net assets at beginning of year	33,217	9,170	42,387
Net assets at end of year	$ 340,263	$ -	$ 340,263

2012		
Unrestricted	Temporarily Restricted	Total
$ 203,127	$ 9,170	$ 212,297
855,272	-	855,272
117,067	-	117,067
-	-	-
1,405	-	1,405
-	-	-
1,176,871	9,170	1,186,041
89,982	-	89,982
373,835	-	373,835
-	-	-
12,728	-	12,728
85,044	-	85,044
37,697	-	37,697
4,349	-	4,349
-	-	-
-	-	-
159,360	-	159,360
478,687	-	478,687
1,241,682	-	1,241,682
(64,811)	9,170	(55,641)
98,028	-	98,028
$ 33,217	$ 9,170	$ 42,387

See accompanying notes to financial statements.

ALIGNMENT NASHVILLE, INC.
STATEMENTS OF CASH FLOWS

	Year Ended June 30, 2013	Year Ended June 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase (decrease) in net assets	$ 297,876	$ (55,641)
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Depreciation	13,888	-
(Increase) decrease in receivables	(29,740)	11,328
Donations of furniture and equipment	(85,043)	-
(Decrease) increase in accounts payable and accrued expenses	(26,695)	40,064
Decrease in deferred revenue	(74,000)	(18,250)
Total adjustments	(201,590)	33,142
Net cash provided by (used in) operating activities	96,286	(22,499)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	(5,921)	-
Net cash used in operating activities	(5,921)	-
Increase (decrease) in cash	90,365	(22,499)
Cash at beginning of year	152,357	174,856
Cash at end of year	$ 242,722	$ 152,357
SUPPLEMENTAL DISCLOSURE		
Furniture and equipment acquired by in-kind contributions	$ 85,043	$ -

See accompanying notes to financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and General

Alignment Nashville, Inc. (the "Organization") is a collaboration between Metropolitan Nashville Public Schools and local businesses, non-profit agencies, government and universities. The purpose of Alignment Nashville, Inc. is to create a system to bring community organizations and resources into alignment so that their coordinated support to Metropolitan Nashville Public Schools' and District priorities have a positive impact on student achievement and public school success.

Accrual Basis and Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting.

The Organization classifies its net assets and its support and revenue and expenses into three classes of net assets based on the existence or absence of donor-imposed restrictions. Net assets of the Organization and changes therein are classified as follows:

> Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
>
> Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.
>
> Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets would permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

The amount for each of these classes of net assets is displayed in the statement of financial position and the amount of change in each class of net assets is displayed in the statement of activities. The Organization had no permanently restricted net assets at June 30, 2013 or 2012.

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions receivable are recorded at their estimated fair value and reflect discounts for payment terms greater than one year, if applicable. Contributions receivable are considered to be either conditional or unconditional promises to give. A conditional contribution is one which depends on the occurrence of some specified uncertain future event to become binding on the donor. Conditional contributions are not recorded as revenue until the condition is met, at which time they become unconditional. Unconditional contributions are recorded as revenue at the time verifiable evidence of the promise to give is received.

In the event a donor makes changes to the nature of a restricted gift which affects its classification among the net asset categories, such amounts are reflected as reclassifications in the statement of activities.

In-Kind Contributions

The Organization periodically receives contributions in a form other than cash. If the Organization receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of the gift, provided the value of the asset and its estimated useful life meets the Organization's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditionally promise to give at the date of the gift, and the expense is reported over the term of use. Donated supplies are recorded as contributions at the date of gift and as expense when the donated items are placed into service or distributed.

The Organization benefits from personal services provided by volunteers. Those volunteers have donated significant amounts of time and services in the Organization's program operations. Generally accepted accounting principles allow recognition of contributed services only if (*a*) the services create or enhance nonfinancial assets or (*b*) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Furniture and Equipment

Furniture and equipment is recorded at acquisition cost, if purchased, or the fair value on the date received, if donated. The cost of routine maintenance and repairs is expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from five to seven years.

Deferred Revenue

Grant funds received in advance for future periods are recorded as deferred revenue. Recognition as revenue occurs when the project or events take place and expenses are incurred.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code; and accordingly, no provision for income taxes is included in the accompanying financial statements.

The Organization accounts for the effect of any uncertain tax positions based on a *more likely than not* threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a *cumulative probability assessment* that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for the Organization include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, the Organization has determined that such tax positions do not result in an uncertainty requiring recognition.

Use of Estimates in the Preparation of Financial Statements

Judgment and estimation are exercised by management in certain areas of the preparation of financial statements. The most significant area is the collection of receivables and estimated useful lives of equipment. Management believes that such estimates have been based on reasonable assumptions and that such estimates are adequate. Actual results could differ from those estimates.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Instruments

Assets and liabilities recorded at fair value on a recurring basis in the statement of financial position are categorized based on the level of judgment associated with the inputs used to measure their fair value. The Organization's financial instruments consist of government contracts and grants receivables, accounts payable and accrued expenses. The recorded values of government contracts and grants receivables, accounts payable and accrued expenses approximate their fair values based on their short-term nature.

Reclassifications

Certain reclassifications have been made to the 2012 financial statements in order to conform to the 2013 presentation.

B. CONTRACTS AND GRANTS RECEIVABLE

Contracts and grants receivable are due within one year and totaled $62,832 and $33,092 at June 30, 2013 and 2012, respectively. No allowance for uncollectible contracts and grants receivable was considered necessary at June 30, 2013 and 2012.

C. FURNITURE AND EQUIPMENT

Furniture and equipment, net consists of the following at June 30, 2013:

	2013
Furniture	$ 53,464
Software	37,500
	90,964
Less accumulated depreciation	(13,888)
	$ 77,076

There were no furniture and equipment assets held by the Organization at June 30, 2012.

D. GRANT REVENUE

Unrestricted grant revenue recognized for the years ended June 30, 2013 and 2012 by grantor are as follows:

	2013	2012
National Science Foundation	$ 63,191	$386,577
Metropolitan Nashville Government	275,833	246,667
America's Promise Alliance	35,000	73,750
Ford Learning Institution	172,692	62,238
Healthways Foundation	47,000	50,000
Baptist Healing Trust	31,628	23,540
HCA Foundation	50,000	-
Memorial Foundation	25,000	-
Other	14,000	12,500
	$714,344	$855,272

E. NET ASSETS

Temporarily restricted net assets totaling $9,170 at June 30, 2012 were available for the ITEST summer camp and Stem Hub for Excellence programs or restricted based on passage of time. The restrictions associated with these net assets were satisfied during fiscal year 2013 and classified as released from restrictions in the statement of activities. There were no temporarily restricted net assets at June 30, 2013.

F. COMMITMENTS AND CONTINGENCIES

The Organization has received government grants for specific purposes that are subject to review and audit by grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes any required reimbursements would not be material to the financial statements of the Organization.

G. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash held by the Organization. Cash at June 30, 2013 includes demand deposits held at a financial institution. The deposits carry credit risk to the extent they exceed federally insured limits from time to time. Credit risk also extends to receivables, all of which are uncollateralized.

H. SUBSEQUENT EVENTS

Management evaluated subsequent events through December 16, 2013, the date the financial statements were available to be issued, and has determined there are no subsequent events requiring disclosure.

OTHER INFORMATION

ALIGNMENT NASHVILLE, INC.
SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2013

	Children's Health Initiative	ITEST	Stem Hub
Support and revenue:			
Contributions	$ 400	$ -	$ 5,000
Grants	75,000	63,191	10,000
Registration and service income	-	-	-
In-kind contributions	-	-	-
Other income	-	-	-
Total support and revenue	75,400	63,191	15,000
Expenses:			
Salaries expenses	41,601	30,758	7,494
Payroll taxes	2,896	1,621	4,815
Medical insurance	2,388	3,498	1,296
Insurance	-	-	-
Technology	-	490	-
Postage	-	7	-
Supplies	336	1,479	1,287
Travel	-	4,732	-
Program activities	180	-	-
Professional services and development	678	28,196	-
Printing	-	2	-
Facility lease	-	-	-
Maintenance and depreciation	-	-	-
Miscellaneous	-	-	-
Total expenses	48,079	70,783	14,892
Net increase (decrease) in net assets	$27,321	$(7,592)	$ 108
Net Assets at July 1, 2012			
Net Assets at June 30, 2013			

	Baptist Healing Trust	Ford Hub	Ford National	Ford Hub Branding/ MNPS	Pre-K	Alignment Nashville USA	Other Programs	Support Services	Total
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$211,078	$ 216,478
	31,628	-	144,379	28,313	22,000	-	34,000	305,833	714,344
	-	275,663	-	-	-	41,621	47,254	-	364,538
	-	-	-	-	-	-	-	115,043	115,043
	-	-	-	-	-	-	-	694	694
	31,628	275,663	144,379	28,313	22,000	41,621	81,254	632,648	1,411,097
	5,443	321	72,448	-	-	4,645	32,033	306,328	501,071
	308	19	4,851	-	-	355	1,678	22,617	39,160
	802	-	3,544	-	-	-	3,845	28,827	44,200
	-	-	-	-	-	-	-	12,281	12,281
	-	3,689	-	-	-	20	-	22,511	26,710
	-	48	285	-	-	70	-	672	1,082
	-	20,194	-	-	-	-	9,583	16,332	49,211
	-	53,252	9,486	-	-	8,962	10,261	13,308	100,001
	-	61,009	37	-	-	-	-	1,149	62,375
	8,233	58,120	-	22,714	-	-	7,197	65,437	190,575
	-	673	-	-	-	-	854	26,497	28,026
	-	-	-	-	-	-	-	30,000	30,000
	-	-	-	-	-	-	-	15,270	15,270
	-	-	-	-	-	-	1,033	12,226	13,259
	14,786	197,325	90,651	22,714	-	14,052	66,484	573,455	1,113,221
	$16,842	$ 78,338	$ 53,728	$ 5,599	$22,000	$27,569	$14,770	$ 59,193	$ 297,876
									42,387
									$ 340,263

See accompanying independent auditor’s report.