

# **Alignment Nashville, Inc.**

Financial Statements  
For the Years Ending June 30, 2020 and 2019

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Financial Statements  
For the Years Ending June 30, 2020 and 2019

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## Independent Auditor's Report

Board of Directors  
Alignment Nashville, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Alignment Nashville, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 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, 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.

### 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, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

The financial statements of the Organization, as of and for the year ended June 30, 2019, were audited by other auditors, whose report, dated October 25, 2019, expressed an unmodified opinion on those statements.

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC  
Brentwood, Tennessee  
November 10, 2020

**Alignment Nashville, Inc.**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**

|                                       | 2020         | 2019         |
|---------------------------------------|--------------|--------------|
| <b>Assets</b>                         |              |              |
| Cash                                  | \$ 999,043   | \$ 847,773   |
| Accounts receivable, net              | 102,260      | 182,410      |
| Prepaid expenses                      | 47,927       | 60,335       |
| Inventory                             | 408          | 234          |
| Furniture and equipment, net          | 26,135       | 33,602       |
| Total assets                          | \$ 1,175,773 | \$ 1,124,354 |
| <b>Liabilities and Net Assets</b>     |              |              |
| Accounts payable and accrued expenses | \$ 69,605    | \$ 171,094   |
| Deferred revenue                      | 22,892       | 104,148      |
| PPP loan                              | 160,540      | -            |
| Total liabilities                     | 253,037      | 275,242      |
| Net assets                            |              |              |
| Without donor restrictions            | 831,683      | 736,396      |
| With donor restrictions               | 91,053       | 112,716      |
| Total net assets                      | 922,736      | 849,112      |
| Total liabilities and net assets      | \$ 1,175,773 | \$ 1,124,354 |

**Alignment Nashville, Inc.**  
Statement of Activities  
For the Year Ending June 30, 2020

|                                       | Without donor<br>restrictions | With donor<br>restrictions | Total      |
|---------------------------------------|-------------------------------|----------------------------|------------|
| <b>Support and revenue</b>            |                               |                            |            |
| Contributions                         | \$ 25,000                     | \$ -                       | \$ 25,000  |
| Grants                                | 354,030                       | -                          | 354,030    |
| Event income                          | 1,128,288                     | -                          | 1,128,288  |
| In-kind donations                     | 6,000                         | -                          | 6,000      |
| Consulting income                     | 441,278                       | -                          | 441,278    |
| Other income                          | 37,382                        | -                          | 37,382     |
| Net assets released from restrictions | 21,663                        | (21,663)                   | -          |
| Total support and revenue             | 2,013,641                     | (21,663)                   | 1,991,978  |
| <b>Expenses</b>                       |                               |                            |            |
| Program services                      | 1,782,858                     | -                          | 1,782,858  |
| Management and general                | 135,496                       | -                          | 135,496    |
| Total expenses                        | 1,918,354                     | -                          | 1,918,354  |
| Change in net assets                  | 95,287                        | (21,663)                   | 73,624     |
| Net assets, beginning of year         | 736,396                       | 112,716                    | 849,112    |
| Net assets, end of year               | \$ 831,683                    | \$ 91,053                  | \$ 922,736 |

**Alignment Nashville, Inc.**  
Statement of Activities  
For the Year Ending June 30, 2019

|                                       | Without donor<br>restrictions | With donor<br>restrictions | Total      |
|---------------------------------------|-------------------------------|----------------------------|------------|
| <b>Support and revenue</b>            |                               |                            |            |
| Contributions                         | \$ 1,063                      | \$ -                       | \$ 1,063   |
| Grants                                | 396,182                       | 82,900                     | 479,082    |
| Event income                          | 1,196,254                     | -                          | 1,196,254  |
| In-kind donations                     | 6,000                         | -                          | 6,000      |
| Consulting income                     | 507,702                       | -                          | 507,702    |
| Other income                          | 120,300                       | -                          | 120,300    |
| Net assets released from restrictions | 92,023                        | (92,023)                   | -          |
| Total support and revenue             | 2,319,524                     | (9,123)                    | 2,310,401  |
| <b>Expenses</b>                       |                               |                            |            |
| Program services                      | 2,067,542                     | -                          | 2,067,542  |
| Management and general                | 247,876                       | -                          | 247,876    |
| Total expenses                        | 2,315,418                     | -                          | 2,315,418  |
| Change in net assets                  | 4,106                         | (9,123)                    | (5,017)    |
| Net assets, beginning of year         | 732,290                       | 121,839                    | 854,129    |
| Net assets, end of year               | \$ 736,396                    | \$ 112,716                 | \$ 849,112 |

**Alignment Nashville, Inc.**  
Statement of Functional Expenses  
For the Year Ending June 30, 2020

|                              | Alignment<br>Nashville | Alignment USA     | Nashville Hub       | Academies of<br>Nashville<br>Support | Ford NGL        | Total<br>Program<br>Services | General and<br>Administrative | Total               |
|------------------------------|------------------------|-------------------|---------------------|--------------------------------------|-----------------|------------------------------|-------------------------------|---------------------|
| Events                       | \$ 54,408              | \$ 6,430          | \$ 561,573          | \$ 50,131                            | \$ 105          | \$ 672,647                   | \$ -                          | \$ 672,647          |
| Billable consulting services | -                      | 3,329             | 151,612             | -                                    | -               | 154,941                      | -                             | 154,941             |
| Contract services            | 8,418                  | 300               | 27,613              | 4,837                                | -               | 41,168                       | 27,779                        | 68,947              |
| Payroll                      | 378,971                | 76,437            | 264,633             | -                                    | -               | 720,041                      | 75,941                        | 795,982             |
| Operations and other         | 36,005                 | 7,953             | 26,031              | 1,400                                | -               | 71,389                       | 5,680                         | 77,069              |
| Facilities and equipment     | 39,954                 | 14,433            | 43,498              | -                                    | -               | 97,885                       | 24,471                        | 122,356             |
| Travel and meetings          | 5,577                  | 1,291             | 10,470              | 77                                   | 7,372           | 24,787                       | 1,625                         | 26,412              |
|                              | <u>\$ 523,333</u>      | <u>\$ 110,173</u> | <u>\$ 1,085,430</u> | <u>\$ 56,445</u>                     | <u>\$ 7,477</u> | <u>\$ 1,782,858</u>          | <u>\$ 135,496</u>             | <u>\$ 1,918,354</u> |



**Alignment Nashville, Inc.**  
Statement of Functional Expenses  
For the Year Ending June 30, 2019

|                              | Alignment<br>Nashville | Alignment USA     | Nashville Hub     | Academies of<br>Nashville<br>Support | Ford NGL         | Total<br>Program<br>Services | General and<br>Administrative | Total               |
|------------------------------|------------------------|-------------------|-------------------|--------------------------------------|------------------|------------------------------|-------------------------------|---------------------|
| Events                       | \$ 115,929             | \$ 7,832          | \$ 559,582        | \$ 81,726                            | \$ -             | \$ 765,069                   | \$ -                          | \$ 765,069          |
| Billable consulting services | 4,228                  | 38,240            | 161,101           | -                                    | -                | 203,569                      | -                             | 203,569             |
| Awards and grants            | -                      | -                 | -                 | 45,474                               | -                | 45,474                       | -                             | 45,474              |
| Contract services            | 10,584                 | 5,156             | 47,943            | 2,625                                | 56,437           | 122,745                      | 14,511                        | 137,256             |
| Payroll                      | 268,710                | 285,012           | 168,127           | -                                    | -                | 721,849                      | 180,463                       | 902,312             |
| Operations and other         | 10,475                 | 20,313            | 15,729            | 233                                  | -                | 46,750                       | 30,515                        | 77,265              |
| Facilities and equipment     | 31,009                 | 33,882            | 24,659            | -                                    | -                | 89,550                       | 22,387                        | 111,937             |
| Travel and meetings          | 25,119                 | 8,934             | 7,624             | 2,978                                | 27,881           | 72,536                       | -                             | 72,536              |
|                              | <u>\$ 466,054</u>      | <u>\$ 399,369</u> | <u>\$ 984,765</u> | <u>\$ 133,036</u>                    | <u>\$ 84,318</u> | <u>\$ 2,067,542</u>          | <u>\$ 247,876</u>             | <u>\$ 2,315,418</u> |

**Alignment Nashville, Inc.**  
**Statements of Cash Flows**  
For the Years Ending June 30, 2020 and 2019

|  | 2020       | 2019       |
|--|------------|------------|
| <b>Cash flows from operating activities</b>  |            |            |
| Change in net assets   | \$ 73,624  | \$ (5,017) |
| Adjustments to reconcile change in net assets<br>to net cash provided (used) by operating activities |            |            |
| Depreciation   | 7,467      | 8,486      |
| Changes in assets and liabilities  |            |            |
| Accounts receivable, net   | 80,150     | (56,735)   |
| Prepaid expenses   | 12,408     | 16,646     |
| Inventory  | (174)      | 2,261      |
| Accounts payable and accrued expenses  | (101,489)  | 32,206     |
| Deferred revenue   | (81,256)   | 4,971      |
| Net cash provided (used) by operating activities   | (9,270)    | 2,818      |
| <b>Cash flows used from investing activities</b>   |            |            |
| Purchase of furniture and equipment  | -          | (37,335)   |
| <b>Cash flows provided from financing activities</b>   |            |            |
| Proceeds from PPP loan   | 160,540    | -          |
| Net change in cash   | 151,270    | (34,517)   |
| Cash, beginning of year  | 847,773    | 882,290    |
| Cash, end of year  | \$ 999,043 | \$ 847,773 |

**Alignment Nashville, Inc.**  
Notes to Financial Statements  
For the Years Ending June 30, 2020 and 2019

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**Note 1: 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.

*Basis of Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Net assets and revenue and support and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations.

*Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that may, or will be, met by the Organization's actions and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Net assets with donor restrictions also include net assets subject to donor-imposed stipulations to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned and any related investments for general or specific purposes.

*Accounts Receivable*

Accounts receivable represent amounts due from organizations for events and consulting services and amounts due under government contracts and grants. The Organization establishes an allowance for losses on its accounts based on historic loss experience and current economic conditions. Losses are charged off to the allowance when management deems further collection efforts will not produce additional recoveries. No allowance for uncollectible accounts receivable was deemed necessary by management at June 30, 2020 and 2019.

*Furniture and Equipment*

Furniture and equipment are 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.

*Inventory*

Inventory consists primarily of publications and supplies and is stated at the lower of cost or net realizable value. Cost has been determined on the first-in, first-out basis.

**Alignment Nashville, Inc.**  
Notes to Financial Statements  
For the Years Ending June 30, 2020 and 2019

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**Note 1: Summary of Significant Accounting Policies**

*Deferred Revenue*

Grant funds, contract funds and event income 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.

*PPP Loan*

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. The Organization received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Air, Relief, and Economic Security Act (the CARES Act). US GAAP provides organizations with two alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as debt and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; or 2) proceeds can be treated as a conditional contribution where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived. The Organization has elected to treat the PPP loan as debt.

*Contributions and Contributions Receivable*

The Organization reports gifts of cash and other assets as increases in net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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 statements of activities.

*In-Kind Donations*

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 unconditional 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. US GAAP allows 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.

**Alignment Nashville, Inc.**  
Notes to Financial Statements  
For the Years Ending June 30, 2020 and 2019

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**Note 1: Summary of Significant Accounting Policies**

*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 if 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*

The preparation of financial statements in conformity with US GAAP requires the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

*Functional Allocation of Expenses*

The costs of providing the various programs and activities have been summarized and reported on a functional basis. These costs have been allocated between program and supporting services based on estimates made by management.

**Note 2: Liquidity and Availability**

The following represents the Organization's financial assets as of June 30:

|  | <u>2020</u>       | <u>2019</u>       |
|--|-------------------|-------------------|
| Financial assets   |                   |                   |
| Cash and cash equivalents  | \$ 999,043        | \$ 847,773        |
| Accounts receivable, net   | <u>102,260</u>    | <u>182,410</u>    |
| Total financial assets at year end   | <u>1,101,303</u>  | <u>1,030,183</u>  |
| Less amounts not available to be used within one year                                  |                   |                   |
| Board designated funds   | 368,336           | 418,217           |
| Net asset with donor restrictions  | <u>91,053</u>     | <u>112,716</u>    |
| Financial asset not available to be used within one year                               | <u>459,389</u>    | <u>530,933</u>    |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 641,914</u> | <u>\$ 499,250</u> |

The Organization is substantially supported by program revenues and unrestricted grants. The Organization also receives restricted grants and contributions and must maintain sufficient resources to meet responsibilities to its donors. Additionally, the Organization maintains certain other board designated assets that are designated for specific purposes. These assets are limited to use, which are more fully described in note 6 and are not available for general expenditures within the next year.

**Alignment Nashville, Inc.**  
Notes to Financial Statements  
For the Years Ending June 30, 2020 and 2019

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**Note 2: Liquidity and Availability**

However, the board-designated amounts could be made available, if necessary. The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**Note 3: Furniture and Equipment**

Furniture and equipment consists of the following at June 30:

|                               | 2020      | 2019      |
|-------------------------------|-----------|-----------|
| Furniture                     | \$ 70,613 | \$ 70,613 |
| Software                      | 37,500    | 37,500    |
| Less accumulated depreciation | (81,978)  | (74,511)  |
| Furniture and equipment, net  | \$ 26,135 | \$ 33,602 |

**Note 4: Grant Revenue**

Grant revenue recognized for the years ended June 30, 2020 and 2019 by grantor is as follows:

|   | 2020       | 2019       |
|---|------------|------------|
| Ford NGL  | \$ -       | \$ 75,832  |
| MNPS  | 200,000    | 200,000    |
| Metropolitan Nashville Government                   | 150,000    | 150,000    |
| HCA Foundation                                      | -          | 25,250     |
| Nashville Public Education Foundation (Spark grant) | -          | 15,000     |
| Community Achieves                                  | 3,800      | 13,000     |
| Community Foundation                                | 230        | -          |
| Total grant revenue                                 | \$ 354,030 | \$ 479,082 |

**Note 5: PPP Loan**

On April 20, 2020, the Organization received a loan in the amount of \$160,540 in accordance with the PPP section of the CARES Act. Under this loan program, the Organization may be eligible for forgiveness of some portion of the loan up to 100%, if and when qualifying conditions are met. Accounting for the loan and any future forgiveness could have an impact on future financial reporting. As of the report date, management is actively monitoring qualifying conditions to maximize future loan forgiveness and has expended 100% on potential qualifying costs as defined by the legislation. The unsecured note bears interest at the rate of 1.00% and matures on April 20, 2022. As long as the Organization submits its loan forgiveness application within 10 months of June 20, 2020, the Organization will not be required to make any payments on the loan until the forgiveness amount is remitted to the lender by the U.S. Small Business Administration (SBA). If the loan is fully forgiven, the Organization will not be responsible for any payments.

**Alignment Nashville, Inc.**  
Notes to Financial Statements  
For the Years Ending June 30, 2020 and 2019

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**Note 5: PPP Loan**

The Organization has elected to treat the PPP loan as debt and presented it in note payable in the financial statements. The Organization has not recorded accrued interest due on the note through fiscal year-end as the amount is immaterial.

**Note 6: Net Assets**

Net assets without donor restrictions at June 30, 2020 and 2019, consisted of the following:

|  | 2020           | 2019           |
|--|----------------|----------------|
| Undesignated   | \$ 463,347     | \$ 318,179     |
| Board Designated – SEL Conference                      | -              | 50,000         |
| Board Designated – MNPS Academies of Nashville support | 368,336        | 368,207        |
| <br>Total net assets without donor restrictions        | <br>\$ 831,683 | <br>\$ 736,396 |

Net assets with donor restrictions at June 30, 2020 and 2019, consisted of the following:

|  | 2020          | 2019           |
|--|---------------|----------------|
| Ford NGL                                     | \$ 63,961     | \$ 85,624      |
| Spark grant                                  | 7,295         | 7,295          |
| Other  | 19,797        | 19,797         |
| <br>Total net assets with donor restrictions | <br>\$ 91,053 | <br>\$ 112,716 |

**Note 7: Leases**

The Organization leased office space under a non-cancelable operating lease which expired in December 2018. On January 1, 2019, the Organization began leasing new office space under a non-cancelable lease which expires in December 2023. Lease expense totaled \$74,788 and \$50,663 for the years ended June 30, 2020 and 2019, respectively.

Remaining minimum lease payments as of June 30, 2020 are as follows:

| Year ended<br>June 30, |                |
|------------------------|----------------|
| 2021                   | \$ 100,625     |
| 2022                   | 103,643        |
| 2023                   | 106,751        |
| 2024                   | 54,165         |
| <br>Total              | <br>\$ 365,184 |

**Alignment Nashville, Inc.**  
Notes to Financial Statements  
For the Years Ending June 30, 2020 and 2019

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**Note 8: 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.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash held by the Organization. Cash at June 30, 2020 and 2019, 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. As of June 30, 2020 and 2019, the Organization had cash of \$749,244 and \$586,833 in excess of federally insured limits. Credit risk also extends to receivables, all of which are uncollateralized.

**Note 9: Related Party Transactions**

During the year ending June 30, 2019, the Organization had related party transactions with a board member and board member-owned business for consulting services. Fees paid to related parties were \$94,759. These fees are paid from the proceeds of the Ford Motor Company grant. There were no related party transactions during the year ending June 30, 2020.

**Note 10: Subsequent Events**

Management has evaluated subsequent events through November 10, 2020, the date on which the financial statements were available for issuance.