

**HIGH HOPES, INC.**

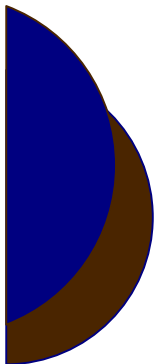
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**

**For the Years Ended August 31, 2013 and 2012**

**HIGH HOPES, INC.**  
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## BROWN & MAGUIRE CPAs, PLLC

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### Independent Auditors' Report

To the Board of Directors of  
High Hopes, Inc.  
Brentwood, Tennessee

We have audited the accompanying financial statements of High Hopes, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of August 31, 2013 and 2012, respectively, 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

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 audits 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 the Organization as of August 31, 2013 and 2012, respectively, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Brown & Maguire CPAs, PLLC*

Brown & Maguire CPAs, PLLC  
Nashville, Tennessee  
November 7, 2013

**High Hopes, Inc.**  
**Statements of Financial Position**  
**As of August 31, 2013 and 2012**

	<u>August 31, 2013</u>	<u>August 31, 2012</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents .....	\$ 100,056	\$ 137,707
Contributions receivable, net .....	429,428	222,986
Accounts receivable, net .....	108,424	129,698
Total current assets.....	<u>637,908</u>	<u>490,391</u>
Property and equipment, net .....	<u>1,645,319</u>	<u>746,304</u>
Total assets.....	<u><u>\$ 2,283,227</u></u>	<u><u>\$ 1,236,695</u></u>
<b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable .....	\$ 32,212	\$ 21,396
Accrued expenses .....	113,854	31,345
Obligations under lines of credit.....	555,159	129,838
Obligations under capital lease—current .....	3,361	-
Total current liabilities .....	<u>704,586</u>	<u>182,579</u>
Obligations under capital lease—non-current.....	<u>5,041</u>	<u>-</u>
Total current liabilities .....	<u>709,627</u>	<u>182,579</u>
Net assets		
Unrestricted.....	1,125,455	826,920
Temporarily restricted.....	448,145	227,196
Total net assets .....	<u>1,573,600</u>	<u>1,054,116</u>
Total liabilities and net assets .....	<u><u>\$ 2,283,227</u></u>	<u><u>\$ 1,236,695</u></u>

See accompanying notes.

**High Hopes, Inc.**  
**Statement of Activities**  
**For the Year Ended August 31, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Contributions:			
United Way.....	\$ 1,297	\$ 41,000	\$ 42,297
Other.....	275,567	30,107	305,674
Therapy fees, net .....	889,365	-	889,365
Tuition and fees.....	605,012	-	605,012
Special events.....	219,232	-	219,232
Less: donor direct benefit costs .....	(124,780)	-	(124,780)
In-kind contributions.....	65,954	-	65,954
Capital campaign.....	-	520,661	520,661
Net assets released from restrictions	370,819	(370,819)	-
Total support and revenue.....	<u>2,302,466</u>	<u>220,949</u>	<u>2,523,415</u>
Expenses			
Program services .....	1,696,341	-	1,696,341
Management and general .....	197,197	-	197,197
Fundraising.....	110,393	-	110,393
Total expenses .....	<u>2,003,931</u>	<u>-</u>	<u>2,003,931</u>
Change in net assets.....	298,535	220,949	519,484
Net assets at beginning of year .....	826,920	227,196	1,054,116
Net assets at end of year.....	<u>\$ 1,125,455</u>	<u>\$ 448,145</u>	<u>\$ 1,573,600</u>

See accompanying notes.

**High Hopes, Inc.**  
**Statement of Activities**  
**For the Year Ended August 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Contributions:			
United Way.....	\$ 1,624	\$ 41,000	\$ 42,624
Other.....	167,545	36,600	204,145
Therapy fees, net .....	845,546	-	845,546
Tuition and fees.....	618,704	-	618,704
Special events.....	186,716	-	186,716
Less: donor direct benefit costs .....	(89,528)	-	(89,528)
In-kind contributions.....	52,825	4,869	57,694
Capital campaign.....	-	1,045,110	1,045,110
Other income.....	740	-	740
Net assets released from restrictions	958,442	(958,442)	-
Total support and revenue.....	<u>2,742,614</u>	<u>169,137</u>	<u>2,911,751</u>
Expenses			
Program services .....	1,682,327	-	1,682,327
Management and general .....	200,898	-	200,898
Fundraising.....	107,617	-	107,617
Total expenses .....	<u>1,990,842</u>	<u>-</u>	<u>1,990,842</u>
Change in net assets .....	751,772	169,137	920,909
Net assets at beginning of year .....	75,148	58,059	133,207
Net assets at end of year.....	<u>\$ 826,920</u>	<u>\$ 227,196</u>	<u>\$ 1,054,116</u>

See accompanying notes.

**High Hopes, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2013**

	<u>Program Services</u>			<u>Supporting Services</u>			
	<u>Education</u>	<u>Therapy</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Total Functional Expenses</u>
Salaries	\$ 472,736	\$ 548,763	\$ 1,021,499	\$ 132,089	\$ 66,549	\$ 198,638	\$ 1,220,137
Payroll taxes	37,473	43,499	80,972	10,470	5,275	15,745	96,717
Employee benefits	23,094	26,809	49,903	6,453	3,251	9,704	59,607
Total salaries and related expenses	533,303	619,071	1,152,374	149,012	75,075	224,087	1,376,461
Advertising	1,367	1,587	2,954	382	192	574	3,528
Contractual services	27,143	109,553	136,696	-	-	-	136,696
Depreciation	7,093	8,234	15,327	1,982	999	2,981	18,308
Equipment maintenance	12,027	13,961	25,988	3,360	1,693	5,053	31,041
Insurance	6,404	7,434	13,838	1,789	901	2,690	16,528
Interest	944	1,096	2,040	264	133	397	2,437
Occupancy	95,428	110,775	206,203	26,664	13,433	40,097	246,300
Other	3,037	3,526	6,563	849	429	1,278	7,841
Postage	1,477	1,715	3,192	413	208	621	3,813
Professional fees	4,521	5,248	9,769	1,263	636	1,899	11,668
Special event costs	-	-	-	-	58,901	58,901	58,901
Capital campaign	-	-	-	-	15,493	15,493	15,493
Bad debts	1,554	19,194	20,748	-	-	-	20,748
Printing	2,086	2,421	4,507	583	294	877	5,384
In-kind contributions	-	-	-	-	65,879	65,879	63,879
Supplies	17,731	63,573	81,304	1,386	-	1,386	82,690
Telephone	6,443	7,479	13,922	1,800	907	2,707	16,629
Training	838	78	916	7,450	-	7,450	8,366
Total expenses	721,396	974,945	1,696,341	197,197	235,173	432,370	2,128,711
Less expenses included with revenues on the statement of activities – donor direct benefit costs	-	-	-	-	(124,780)	(124,780)	(124,780)
Total expenses included in the expense section of the statement of activities	<u>\$ 721,396</u>	<u>\$ 974,945</u>	<u>\$ 1,696,341</u>	<u>\$ 197,197</u>	<u>\$ 110,393</u>	<u>\$ 307,590</u>	<u>\$ 2,003,931</u>

See accompanying notes.

**High Hopes, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2012**

	<u>Program Services</u>			<u>Supporting Services</u>			
	<u>Education</u>	<u>Therapy</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Total Functional Expenses</u>
Salaries	\$ 432,956	\$ 521,454	\$ 954,410	\$ 132,773	\$ 63,750	\$ 196,523	\$ 1,150,933
Payroll taxes	35,607	42,886	78,493	10,920	5,243	16,163	94,656
Employee benefits	16,403	19,755	36,158	5,030	2,415	7,445	43,603
Total salaries and related expenses	484,966	584,095	1,069,061	148,723	71,408	220,131	1,289,192
Advertising	4,494	5,412	9,906	1,378	662	2,040	11,946
Contractual services	29,062	72,213	101,275	-	-	-	101,275
Depreciation	13,362	16,092	29,454	4,098	1,967	6,065	35,519
Equipment maintenance	8,997	10,836	19,833	2,759	1,325	4,084	23,917
Insurance	5,976	7,197	13,173	1,832	880	2,712	15,885
Interest	6,216	7,487	13,703	1,907	915	2,822	16,525
Occupancy	92,653	111,591	204,244	28,413	13,643	42,056	246,300
Other	2,759	3,322	6,081	846	9,469	10,315	16,396
Postage	1,050	1,265	2,315	322	2,126	2,448	4,763
Professional fees	4,038	4,864	8,902	1,238	595	1,833	10,735
Special event costs	-	-	-	-	35,579	35,579	35,579
Bad debts	44,773	53,925	98,698	-	-	-	98,698
Printing	3,110	3,746	6,856	954	458	1,412	8,268
In-kind contributions	-	-	-	-	57,694	57,694	57,694
Supplies	16,677	73,401	90,078	1,997	-	1,997	92,075
Telephone	2,879	3,468	6,347	883	424	1,307	7,654
Training	744	1,657	2,401	5,548	-	5,548	7,949
Total expenses	721,756	960,571	1,682,327	200,898	197,145	398,043	2,080,370
Less expenses included with revenues on the statement of activities – donor direct benefit costs	-	-	-	-	(89,528)	(89,528)	(89,528)
Total expenses included in the expense section of the statement of activities	<u>\$ 721,756</u>	<u>\$ 960,571</u>	<u>\$ 1,682,327</u>	<u>\$ 200,898</u>	<u>\$ 107,617</u>	<u>\$ 308,515</u>	<u>\$ 1,990,842</u>

See accompanying notes.



**High Hopes, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended August 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities:</b>		
Change in net assets .....	\$ 519,484	\$ 920,909
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation.....	18,308	35,519
Decrease in accounts receivable, net.....	21,274	22,051
Increase in contributions receivable, net.....	(206,442)	(190,486)
Decrease in deposits and prepaids.....	-	10,150
Increase in accounts payable and accrued expenses.....	93,325	10,508
Net cash provided by operating activities .....	<u>445,949</u>	<u>808,651</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment.....	(917,323)	(721,564)
Net cash used in investing activities .....	<u>(917,323)</u>	<u>(721,564)</u>
<b>Cash flows from financing activities:</b>		
Borrowings on revolving lines of credit, net of payments.....	425,321	15,648
Borrowings on under capital lease.....	10,083	-
Payments on capital lease.....	(1,681)	-
Net cash provided by financing activities .....	<u>433,723</u>	<u>15,648</u>
Net (decrease) increase in cash and cash equivalents.....	(37,651)	102,735
Cash and cash equivalents, at beginning of period.....	137,707	34,972
Cash and cash equivalents, at end of period .....	<u>\$ 100,056</u>	<u>\$ 137,707</u>
<b>Supplemental disclosure of cash flows information:</b>		
Interest paid.....	<u>\$ 2,437</u>	<u>\$ 16,525</u>
Income taxes paid.....	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

**High Hopes, Inc.**  
**Notes to the Financial Statements**  
**August 31, 2013 and 2012**

**1. Description of the Organization and Summary of Significant Accounting Policies**

High Hopes, Inc. (the “Organization”) was organized in 1984. The Organization, located in Brentwood, Tennessee, is an early intervention preschool and pediatric rehabilitation center which embraces the whole child with tools for learning and skills for life.

*Basis of Presentation*

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

*Contributions and Support*

Contributions are recorded as unrestricted, temporarily restricted or permanently restricted 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 designated for future periods or restricted by the donor 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 the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the statement of activities as net assets released from restrictions.

*Cash and Cash Equivalents*

For purposes of the statements of cash flows, the Organization considers all cash funds and cash bank accounts with an original maturity of three months or less to be cash and cash equivalents.

*Contributions Receivable*

Unconditional promises to give that are expected to be collected within one year are recorded 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. Conditional promises to give are not included as support until such time as the conditions are substantially met. Contributions receivable were \$434,258 and \$222,986 as of August 31, 2013 and 2012, respectively. Included within these balances were contributions receivable due from the United Way of Williamson County of \$34,167 as of August 31, 2013 and 2012, respectively, which are scheduled to be collected in the Organization’s subsequent fiscal year. Additionally, contributions receivable as of August 31, 2013 and 2012 included \$395,261 and \$188,819, respectively, of capital campaign pledges to be received over subsequent years as well.

**High Hopes, Inc.**  
**Notes to the Financial Statements**  
**August 31, 2013 and 2012**

The capital campaign pledges are expected to be received for each of the years ended August 31 are as follows:

2014 .....	\$ 320,992
2015 .....	47,386
2016 .....	26,338
2017 .....	5,150
2018 .....	150
Thereafter .....	75
	<u>400,091</u>
Less allowance for capital pledges	<u>(4,830)</u>
Capital campaign pledges, net	<u>\$ 395,261</u>

*Donated Materials and Services*

Donated materials and equipment, if any, are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Additionally, a number of unpaid volunteers have made significant contributions of their time to assist in fund-raising and special projects. However, these services do not meet the requirements above and have not been recorded.

*Net Tuition, Therapy and Other Service Fees*

Net tuition, therapy and other service fees are recorded at the estimated net realizable amounts from families, third-party payors and others for services rendered. Tuition, therapy and other service fees are recorded at the Organization's established rates with contractual adjustments deducted to arrive at applicable net fees.

Contractual adjustments represent the difference between the Organization's established rates and third-party payor payments. An allowance for estimated contractual adjustments is recorded during the period in which the services are provided and adjusted to actual when payments are received.

*Advertising Costs*

Advertising costs, which also include marketing and development, are expensed as incurred. Advertising costs were \$3,528 and \$11,946 for the years ended August 31, 2013 and 2012, respectively.

*Property and Depreciation*

Property and equipment are recorded at cost or at fair value as of the date purchased or contributed. Costs of maintenance and repairs are charged to expense as incurred. Depreciation

**High Hopes, Inc.**  
**Notes to the Financial Statements**  
**August 31, 2013 and 2012**

is provided on the straight-line method over the estimated lives of the respective assets ranging from three to 10 years.

*Income Taxes*

The Organization, which is not a private foundation, is exempt from federal and state income taxes under section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

*Program and Supporting Services*

The following program and supporting services were included in the accompanying financial statements.

**Program Services**—Includes activities carried out to fulfill the Organization’s mission to provide an early intervention preschool and rehabilitation center for children with special needs in a traditional educational classroom with a concentration in physical, speech and occupational therapy.

**Management and General**—Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Includes costs associated with providing coordination and articulation of the Organization’s program strategy, business management, general record keeping, budgeting and related purposes.

**Fundraising**—Includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitation and creation and distribution of fundraising materials.

*Allocation of Functional Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program and support services based on estimates by management.

*Use of Estimates*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management of the Organization to make estimates and assumptions that affect the reported assets and liabilities and contingency disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

**2. Accounts Receivable**

Accounts receivable are from third-party payors and patients and are reported net of estimated contractual adjustments and allowances for bad debts. Third-party payors consist primarily of

**High Hopes, Inc.**  
**Notes to the Financial Statements**  
**August 31, 2013 and 2012**

commercial insurance carriers. As of August 31, 2013 and 2012, accounts receivable consisted of the following:

	<u>2013</u>	<u>2012</u>
Accounts receivable from tuition and therapy services .....	<b>\$ 198,614</b>	\$ 252,303
Less allowance for contractual adjustments and allowances for bad debts.....	<u>(90,190)</u>	<u>(122,605)</u>
Account receivable, net	<u><b>\$ 108,424</b></u>	<u>\$ 129,698</u>

### **3. Property and Equipment**

Property and equipment consisted of the following as of August 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Land .....	<b>\$ 624,818</b>	\$ 624,818
Building .....	<b>1,002,396</b>	95,156
Furniture and equipment.....	<b>133,379</b>	140,893
Playground equipment.....	<b>15,409</b>	15,409
Leasehold improvements .....	<b>85,475</b>	85,475
	<u><b>1,861,477</b></u>	<u>961,751</u>
Less: accumulated depreciation....	<u><b>(216,158)</b></u>	<u>(215,447)</u>
Property and equipment, net.....	<u><b>\$ 1,645,319</b></u>	<u>\$ 746,304</u>

Equipment totaling \$10,083, which was obtained through a capital lease, was included in the total costs of furniture and equipment above as of August 31, 2013. Depreciation expense was \$18,308 and \$35,519 for the years ended August 31, 2013 and 2012, respectively.

### **4. Temporarily Restricted Net Assets**

Changes in temporarily restricted net assets for the year ended August 31, 2013 were as follows:

	<u>Beginning of Year</u>	<u>Restricted Contributions</u>	<u>Released from Restriction</u>	<u>End of Year</u>
Programs .....	<b>\$ 4,210</b>	<b>\$ 30,107</b>	<b>\$ (20,430)</b>	<b>\$ 13,887</b>
Building .....	<b>188,819</b>	<b>520,661</b>	<b>(309,389)</b>	<b>400,091</b>
United Way .....	<b>34,167</b>	<b>41,000</b>	<b>(41,000)</b>	<b>34,167</b>
	<u><b>\$ 227,196</b></u>	<u><b>\$ 591,768</b></u>	<u><b>\$ (370,819)</b></u>	<u><b>\$ 448,145</b></u>

**High Hopes, Inc.**  
**Notes to the Financial Statements**  
**August 31, 2013 and 2012**

Changes in temporarily restricted net assets for the year ended August 31, 2012 were as follows:

	Beginning of Year	Restricted Contributions	Released from Restriction	End of Year
Programs .....	\$ 12	\$ 36,600	\$ (32,402)	\$ 4,210
Building .....	25,547	1,049,979	(886,707)	188,819
United Way .....	32,500	41,000	(39,333)	34,167
	<u>\$ 58,059</u>	<u>\$ 1,127,579</u>	<u>\$ (958,442)</u>	<u>\$ 227,196</u>

## **5. Employee Benefits**

The Organization offers medical, dental and supplemental insurance plans to all full-time employees. The costs of this plan to the Organization for the years ended August 31, 2013 and 2012 were \$59,607 and \$43,603, respectively. On September 1, 2013, the Organization began offering a defined contribution plan, the High Hopes, Inc. 401(k) Plan, to eligible employees.

## **6. Lines of Credit**

During 2005, the Organization obtained a line of credit from SunTrust ("SunTrust LOC") with maximum borrowing availability of \$50,000. The SunTrust LOC was secured by the Organization's tangible property and was payable on demand. The SunTrust LOC required monthly interest payments on the outstanding balance. The SunTrust LOC was paid off and terminated in December 2011.

During August 2007, the Organization obtained a second line of credit from Tennessee Commerce Bank ("TCB LOC") with maximum borrowing availability of \$75,000. The TCB LOC was secured by the Organization's tangible property and was payable on demand. The TCB LOC required monthly interest payments on the outstanding balance. The TCB LOC was paid off and terminated in December 2011.

During December 2012, the Organization obtained a line of credit from First Tennessee ("First TN LOC") with a maximum borrowing availability of \$125,000. The First TN LOC is secured by the Organization's tangible property. The First TN LOC is renewable annually each December. The First TN LOC requires monthly interest payments on the outstanding balance. The interest rate was 5.00% as of both August 31, 2013 and 2012, respectively. The outstanding balance on the line of credit was \$73,923 and \$122,004 as of August 31, 2013 and 2012, respectively. The availability under the First TN LOC was \$51,077 and \$2,996 as of August 31, 2013 and 2012, respectively. Additionally, the Organization obtained a construction loan ("Construction Loan") related to the construction of the building on the lot purchased with a maximum borrowing availability of \$2,623,503. The interest rate was 4.99% as of both August 31, 2013 and 2012, respectively. The outstanding balance on the Construction Loan was \$481,236 and \$7,834 as of August 31, 2013 and 2012, respectively. The availability under the Construction Loan was \$1,634,688 and \$2,115,669 as of August 31, 2013 and 2012, respectively.

**High Hopes, Inc.**  
**Notes to the Financial Statements**  
**August 31, 2013 and 2012**

## **7. Capital Lease**

In March 2013 the Company entered into a capital lease for certain office equipment as defined in accordance with the provisions of Accounting Standards Codification Topic 840, Leases. The related assets were included in the accompanying statements of financial position under property and equipment, net as of August 31, 2013. Amortization expense related to the assets under the capital lease was \$1,681 for the year ended August 31, 2013 and was included in depreciation expense in the accompanying statements of activities for the year ended August 31, 2013.

Future minimum lease payments under the capital lease, which is non-cancelable and exceeds one year, are as follows:

2014 .....	\$ 3,361
2015 .....	3,361
2016 .....	1,679
2017 .....	-
2018 .....	-
Thereafter.....	-
	<hr/> 8,401
Obligations under capital lease—current	(3,361)
Obligations under capital lease—non-current	<hr/> \$ 5,040 <hr/>

## **8. Operating Lease Commitments**

The Organization leases its current facility located on Mallory Lane in Brentwood, Tennessee. Additionally, the Organization leased certain office equipment; however, these leases expired during the year ended August 31, 2013. Lease expense under the Organization's operating leases was \$249,702 and \$251,131 for the years ended August 31, 2013 and 2012, respectively.

The Organization purchased land in Franklin, Tennessee and is currently constructing a new building on the property expects to relocate to Franklin, Tennessee in early 2014. Prior to purchasing the property, the Organization requested and received an amendment (the "Amendment") to its current lease on its Brentwood, Tennessee location. Under the Amendment, the Organization will be allowed to continue to occupy its current facility until the new building is constructed and ready for occupancy on the same terms of the Organization's existing lease on a month-to-month basis.

## **9. Subsequent Events**

The Organization has evaluated all events or transactions that occurred after August 31, 2013, through November 7, 2013, the date these financial statements were issued. During this period the Organization did not have any material recognizable events that required recognition in the disclosures to the August 31, 2013 financial statements.

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