

ANNUAL REPORT 2011



**NASHVILLE
CAPITAL
NETWORK**

NASHVILLE CAPITAL NETWORK

*NCN accelerates the
entrepreneurs*

*development of early stage companies by nurturing the most promising
and connecting them with knowledgeable, experienced investors*

NCN Mission

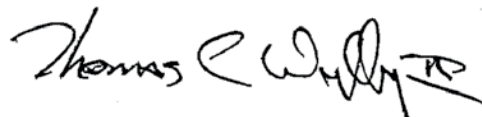
As an organization intensely focused on accelerating the development of early stage companies, Nashville Capital Network (NCN) works diligently to make sure every one of its funded companies has the potential to take root, grow strong and thrive.

Our staff, board and sophisticated network of angel investors have established a nurturing system that effectively positions entrepreneurs and their companies for the best opportunity to achieve success.

In 2011, we made great strides in advancing our mission, achieving high-water marks for investment activity and capital deployed through the network. The role of NCN is more important than ever, with more companies contacting us in 2011 than in any previous year. NCN was formed to help local entrepreneurs bridge the "funding gap" that exists for early stage ventures. In 2011, four of our companies graduated from angel funding to significant venture capital rounds. These were major events for NCN and proof that our investors are helping companies successfully navigate the funding continuum.

As NCN nears completion of its first decade, we are enthusiastic about our role in shaping Nashville's national emergence as a premier city for entrepreneurship. We recognize that it is increasingly important to have an active, experienced, and sustainable network of angel investors who can empower local entrepreneurs with capital and guidance. We are committed to building and preserving this resource for our community.

This annual report details NCN's highlights of 2011. We are quite proud of our accomplishments – and eager to share them with you. This success and progress would not be possible without the commitment of our Sponsors, Underwriters and Patrons. You are truly our partners, and without your support we would not be able to execute a mission that is making such a significant impact on our community.



Thomas C. Wylly II
Chairman



T. Sidney Chambless, Jr.
Executive Director

NCN Staff



Tom
Wylly
Chairman



Sid
Chambless
Executive
Director



Chase
Perry
Director



Kalyn
Shelly
Executive
Coordinator

ABOUT OUR NETWORK

NCN Angel Group

The NCN Angel Group, Tennessee's leading angel investor group, is a network of 75 private angel investors interested in identifying and supporting promising early stage companies. NCN complements the experience and domain knowledge of the individuals within the group by identifying and screening opportunities, providing industry and competitive analysis, and assisting in deal structuring and due diligence.

NCN Angel Fund

Launched in 2008, NCN Angel Fund I, LP is a \$5.2 million co-investment fund that leverages the experience and domain knowledge of its roster of angel investors to support promising early stage ventures. The Angel Fund is the first of its kind in Tennessee and was built on the track record and success of NCN's Angel Group.

Tennessee Angel Fund

Tennessee Angel Fund is a statewide angel co-investment fund launched as part of the TNInvestco program. Tennessee Angel Fund leverages the experience, expertise and capital of a network of angel investors to grow Tennessee-based early stage companies. The fund is managed by a group of committed investors representing Nashville Capital Network, Chattanooga Renaissance Fund, and other individual investors and informal angel groups throughout the state.

NCN FUNDED COMPANIES

HEALTH CARE SERVICES

- BreatheAmerica (NCN Angel Group, NCN Angel Fund)
- Medical Direct Club (NCN Angel Group, NCN Angel Fund)
- NeighborMD (NCN Angel Group, TAF)
- PharmMD (NCN Angel Group)
- Silvercare Solutions (NCN Angel Group, NCN Angel Fund, TAF)

HEALTH CARE IT

- Care Team Connect (NCN Angel Group, NCN Angel Fund)
- onFocus Healthcare (NCN Angel Group, NCN Angel Fund)
- Shareable Ink (NCN Angel Group, NCN Angel Fund, TAF)
- NuScriptRx (TAF)

MEDICAL DEVICES / EQUIPMENT

- Pathfinder (NCN Angel Group, NCN Angel Fund)

TECHNOLOGY / BUSINESS SERVICES

- Capital Confirmation (NCN Angel Group)
- Consensus Point (NCN Angel Group)
- Edo Interactive (NCN Angel Group, NCN Angel Fund)
- Enliven (NCN Angel Group)
- Horizon Resource Group (NCN Angel Group)
- Inova Payroll (NCN Angel Group, NCN Angel Fund, TAF)
- Tricycle (NCN Angel Group)

TECHNOLOGY / HARDWARE

- Armor Concepts (NCN Angel Group)
- Smartvue (NCN Angel Group)
- Trackpoint Systems (NCN Angel Group)

MEDIA / INTERNET

- American Hometown Media-Just A Pinch (NCN Angel Group, TAF)
- Documentary Channel (NCN Angel Group)

TELECOM

- Continuum (NCN Angel Group, NCN Angel Fund)
- Spirit Broadband (NCN Angel Group)



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"Entrepreneurship moves at warp speed. NCN understands this and responds quickly with valuable advice, introductions and intangible resources."

- FARSHEED FERDOWSI,
Inova Payroll

2011 WAS AMONG THE MOST ACTIVE YEARS IN NCN HISTORY. OUR HIGHLIGHTS INCLUDED:

- NCN was involved in 14 separate funding events, the most ever for our group.
- 35 unique angel investments were made through NCN's Angel Group.
- NCN Angel Fund co-invested in the following companies: Care Team Connect, onFocus Healthcare, Inova Payroll and Shareable Ink.
- Tennessee Angel Fund co-invested in the following companies: Silvercare Solutions, Inova Payroll, NuScriptRX, Shareable Ink, American Hometown Media (Just A Pinch) and NeighborMD.
- Several of our funded companies attracted significant venture capital investment during the year. Those companies included Silvercare Solutions, edo Interactive, BreatheAmerica and Care Team Connect. These are major milestones for NCN and examples of companies that have bridged the "capital gap."
- In early 2011, NCN's Board conducted a marketing planning effort that resulted in an updated NCN mission statement, creation of a new logo and an enhanced website.

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NuScript_{RX}

NeighborMD
URGENT CARE

JUST A PINCH
Recipe Club



WWW.NASHVILLECAPITAL.COM

Angel capital is critically important to entrepreneurs, innovation, and job creation. Nashville Capital Network, one of the more active angel groups in the country, has a big impact in Tennessee because of the experience, knowledge, and savvy of its sophisticated network of investors."

- MARIANNE HUDSON,
Executive Director of Angel Capital Association.

In August, NCN and the Nashville Health Care Council hosted their annual forum. The Tennessean called it "a special event worthy of attention." From left to right: Ron Samuels, David Swenson, Sid Chambless, Caroline Young, Robert Frist, Jr., Herb Fritch, Fred Goad.



"NCN has a big impact on entrepreneurship in Nashville. Its success is built on an impressive network of investors who support entrepreneurs with strategic direction, knowledge of growing and operating businesses, and access to capital."

-Fred Goad, Voyent Partners



2011 STATS:

Companies contacting NCN: **282**
 Business plan feedback: **102**
 Advisory meetings: **17**
 Total capital invested by NCN Angels: **\$8,620,123**
 Total capital invested in NCN supported deals: **\$58,675,999**
 Unique companies receiving financing from NCN angels: **11 (5 new, 6 follow-on)**

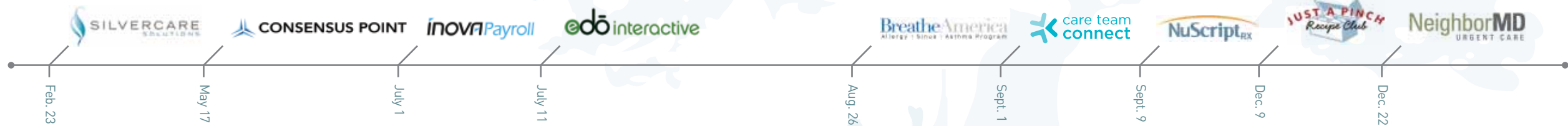
SINCE 2003:

Companies contacting NCN: **1,496**
 Initial Feedback: **387**
 Advisory meetings: **133**
 Total capital invested by NCN Angels: **\$31,256,641**
 Total capital invested in NCN supported deals: **\$141,267,290**
 Unique companies receiving financing from NCN angels: **28**

BOARD OF DIRECTORS

- | | | |
|--|--|--|
| *TOM WYLLY (CHAIRMAN)
Brentwood Capital Advisors | PAGE DAVIDSON
Bass, Berry & Sims | JIM LACKEY
Enable Comp |
| HAL ANDREWS
Mainland Morgan & Co. | TOWNES DUNCAN
Solidus Company | ED LANQUIST
Waddey & Patterson |
| *GERMAIN BOER
Owen Graduate School of Management Entrepreneurship Center, Vanderbilt University | NANCY EVERITT
HEOPS | KEVIN MCNAMARA
Voyent Partners |
| JIM BRADFORD
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| BARBARA CANNON
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Council Capital | PAUL WALLACE
Heritage Group |
| RAY CAPP
ConduIT Corporation | *FRANK GORDON
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The Crichton Group |
| SID CHAMBLESS
Nashville Capital Network | ALSTON HAMILTON
Miller & Martin | STEVE WOOD
Baker, Donelson, Bearman, Caldwell & Berkowitz |
| TOM CIGARRAN
Chairman, Healthways | *JOHN HARRISON
Harbert Management Corporation | CAROLINE YOUNG
Nashville Health Care Council |
| JOE COOK III
Mountain Group Capital | BOB HENSLEY
Private Investor and Consultant | *Executive Committee |
| MIKE COSTELLO
Decosimo CPAs | **CABOT HYDE
Waller Lansden Dortch & Davis | **2012 Addition |
| | JIM KEVER
Voyent Partners | |

Major Funding Events in 2011





NASHVILLE CAPITAL NETWORK

SPONSORS

Baker Donelson
Bass Berry & Sims
Bradley Arant Boult Cummings
Entrepreneur Center
HEOPS

LBMC
Miller & Martin
Nashville Health Care Council
Owen Graduate School of Management
Solidus Company

The Crichton Group
Waddey & Patterson
Waller Lansden Dortch & Davis

UNDERWRITERS

Amsurg
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CVS Caremark
Decosimo Corporate Finance
Decosimo CPAs

EMMA
Harbert Management Corp.
HCA
HealthSpring
Humana

LifePoint Hospitals
MedSolutions
Vanderbilt University CTTC
Voyent Partners
W Squared

PATRONS

Avenue Bank
Bone McAllester Norton
CET Life Sciences Center
Chrysalis Ventures
Compound Capital Management
Council Capital
e+ CancerCare
FCA Venture Partners
FirstBank
Hall Strategies

Kraft CPAs
Lipscomb Center for Entrepreneurship
Norwest Venture Partners
Paradigm Group
Petra Capital Partners
Pharos Capital Group
River Cities Capital Funds
RR Donnelley
Sante Ventures
Sherrard and Roe

Snapshot Interactive
SSM Partners
Tatum
The Martin Companies
Vaco
VGT
WC Dillon Company

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