

MAGDALENE, INC. AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

June 30, 2009 and 2008

MAGDALENE, INC. AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Magdalene, Inc. and Subsidiary
Nashville, Tennessee

We have audited the accompanying consolidated statements of financial position of Magdalene, Inc. and subsidiary (a nonprofit Organization) as of June 30, 2009 and 2008 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Magdalene, Inc. and subsidiary as of June 30, 2009 and 2008, and the consolidated changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Fraser, Dean & Haurd, PLLC

December 23, 2009

MAGDALENE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2009 and 2008

Assets	2009	2008
Current assets:		
Cash and cash equivalents	\$ 159,599	\$ 122,262
Unconditional promises to give, current	142,105	125,586
Other current assets	13,951	11,373
Total current assets	315,655	259,221
Cash restricted for endowment	57,304	57,304
Unconditional promises to give, net	72,389	126,753
Third mortgages receivable	20,000	20,000
Property and equipment, net	962,498	991,256
Total assets	<u>\$ 1,427,846</u>	<u>\$ 1,454,534</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 44,028	\$ 44,228
Notes payable, current	5,196	4,833
Total current liabilities	49,224	49,061
Unearned revenue on third mortgages	20,000	20,000
Notes payable, net of current portion	46,426	51,563
Total liabilities	115,650	120,624
Net assets:		
Unrestricted	1,040,398	1,024,267
Temporarily restricted	214,494	252,339
Permanently restricted	57,304	57,304
Total net assets	1,312,196	1,333,910
Total liabilities and net assets	<u>\$ 1,427,846</u>	<u>\$ 1,454,534</u>

See accompanying notes to consolidated financial statements.

MAGDALENE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and other support:				
Contributions	\$ 351,339	\$ 122,397	\$ -	\$ 473,736
Thistle Farms product sales	234,125	-	-	234,125
In-kind	11,000	-	-	11,000
Home sales	-	-	-	-
Men's rehabilitation program	48,850	-	-	48,850
Grants	95,606	-	-	95,606
Other	24,776	-	-	24,776
Net assets released from restrictions	102,005	(102,005)	-	-
Total revenue and other support	<u>867,701</u>	<u>20,392</u>	<u>-</u>	<u>888,093</u>
Expenses:				
Program services:				
Women's sanctuary and rehabilitation	431,696	-	-	431,696
Thistle Farms	337,217	-	-	337,217
Total program services	<u>768,913</u>	<u>-</u>	<u>-</u>	<u>768,913</u>
Supporting services:				
Management and general	33,751	-	-	33,751
Fundraising	48,906	-	-	48,906
Total supporting services	<u>82,657</u>	<u>-</u>	<u>-</u>	<u>82,657</u>
Total expenses	<u>851,570</u>	<u>-</u>	<u>-</u>	<u>851,570</u>
Losses:				
Provision for loss on uncollectible contributions	-	58,237	-	58,237
Change in net assets	16,131	(37,845)	-	(21,714)
Net assets, beginning of year	<u>1,024,267</u>	<u>252,339</u>	<u>57,304</u>	<u>1,333,910</u>
Net assets, end of year	<u>\$ 1,040,398</u>	<u>\$ 214,494</u>	<u>\$ 57,304</u>	<u>\$ 1,312,196</u>

See accompanying notes to consolidated financial statements.

MAGDALENE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and other support:				
Contributions	\$ 427,757	\$ 157,372	\$ -	\$ 585,129
Thistle Farms product sales	213,584	-	-	213,584
In-kind	183,583	-	-	183,583
Home sales	183,000	-	-	183,000
Men's rehabilitation program	32,800	-	-	32,800
Grants	23,000	-	-	23,000
Other	1,323	-	-	1,323
Net assets released from restrictions	<u>186,780</u>	<u>(186,780)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>1,251,827</u>	<u>(29,408)</u>	<u>-</u>	<u>1,222,419</u>
Expenses:				
Program services:				
Women's sanctuary and rehabilitation	691,512	-	-	691,512
Thistle Farms	<u>368,996</u>	<u>-</u>	<u>-</u>	<u>368,996</u>
Total program services	<u>1,060,508</u>	<u>-</u>	<u>-</u>	<u>1,060,508</u>
Supporting services:				
Management and general	44,479	-	-	44,479
Fundraising	<u>62,588</u>	<u>-</u>	<u>-</u>	<u>62,588</u>
Total supporting services	<u>107,067</u>	<u>-</u>	<u>-</u>	<u>107,067</u>
Total expenses	<u>1,167,575</u>	<u>-</u>	<u>-</u>	<u>1,167,575</u>
Losses:				
Provision for loss on uncollectible contributions	<u>-</u>	<u>63,216</u>	<u>-</u>	<u>63,216</u>
Change in net assets	84,252	(92,624)	-	(8,372)
Net assets, beginning of year	<u>940,015</u>	<u>344,963</u>	<u>57,304</u>	<u>1,342,282</u>
Net assets, end of year	<u>\$ 1,024,267</u>	<u>\$ 252,339</u>	<u>\$ 57,304</u>	<u>\$1,333,910</u>

See accompanying notes to consolidated financial statements.

MAGDALENE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2009

	Program Services			Supporting Services			
	Women's Sanctuary and Rehabilitation	Thistle Farms	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 205,200	\$ 161,694	\$ 366,894	\$ 10,630	\$ 25,950	\$ 36,580	\$ 403,474
Cost of sales - materials	-	56,771	56,771	-	-	-	56,771
Depreciation	49,456	-	49,456	-	-	-	49,456
Cost of sales - labor	-	40,572	40,572	-	-	-	40,572
Payroll tax	17,722	12,229	29,951	813	3,970	4,783	34,734
Utilities	30,094	3,320	33,414	-	-	-	33,414
Insurance	19,330	2,417	21,747	-	-	-	21,747
Medical	20,988	-	20,988	-	-	-	20,988
Miscellaneous	281	-	281	3,805	13,395	17,200	17,481
Supplies	-	16,625	16,625	-	-	-	16,625
Transportation	6,206	9,659	15,865	-	-	-	15,865
Legal and professional	-	265	265	15,504	-	15,504	15,769
Other program expenses	5,369	7,149	12,518	-	-	-	12,518
Mental health	11,979	-	11,979	-	-	-	11,979
Cost of sales - printing	-	11,672	11,672	-	-	-	11,672
Individual Development Account	11,225	-	11,225	-	-	-	11,225
Stipends	10,690	-	10,690	-	-	-	10,690
Printing and supplies	4,162	-	4,162	936	3,437	4,373	8,535
Telephone	5,981	-	5,981	704	352	1,056	7,037
Repairs and maintenance	6,293	131	6,424	-	-	-	6,424
Travel	348	4,915	5,263	-	689	689	5,952
Food and household supplies	5,498	-	5,498	-	-	-	5,498
Reimbursement - St. Augustine's	4,357	-	4,357	242	242	484	4,841
Credit card and bank fees	-	4,621	4,621	-	-	-	4,621
Clothing and grooming	4,100	-	4,100	-	-	-	4,100
Interest	3,993	-	3,993	-	-	-	3,993
Advertising and promotion	-	3,907	3,907	-	-	-	3,907
Outreach ministry	3,139	278	3,417	195	-	195	3,612
Contract labor	3,260	-	3,260	-	-	-	3,260
Newsletter	1,409	-	1,409	822	704	1,526	2,935
Employee benefits	616	783	1,399	100	167	267	1,666
Meals and events	-	209	209	-	-	-	209
	<u>\$ 431,696</u>	<u>\$ 337,217</u>	<u>\$ 768,913</u>	<u>\$ 33,751</u>	<u>\$ 48,906</u>	<u>\$ 82,657</u>	<u>\$ 851,570</u>

See accompanying notes to consolidated financial statements.

MAGDALENE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2008

	Program Services			Supporting Services			
	Women's Sanctuary and Rehabilitation	Thistle Farms	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 218,166	\$ 147,399	\$ 365,565	\$ 13,361	\$ 31,875	\$ 45,236	\$ 410,801
Cost of homes constructed	202,973	-	202,973	-	-	-	202,973
Cost of sales - materials	-	51,886	51,886	-	-	-	51,886
Cost of sales - labor	-	45,593	45,593	-	-	-	45,593
Depreciation	44,101	-	44,101	-	-	-	44,101
Cost of sales - printing	-	39,342	39,342	-	-	-	39,342
Utilities	32,180	2,719	34,899	-	-	-	34,899
Payroll tax	12,902	16,388	29,290	2,092	3,487	5,579	34,869
Legal and professional	-	14,584	14,584	16,510	-	16,510	31,094
Miscellaneous	427	-	427	4,761	23,034	27,795	28,222
Medical	24,792	-	24,792	-	-	-	24,792
Outreach ministry	20,577	1,823	22,400	1,279	-	1,279	23,679
Other program expenses	9,571	9,077	18,648	-	-	-	18,648
Insurance	17,037	-	17,037	-	-	-	17,037
Reimbursement - St. Augustine's	13,419	-	13,419	746	746	1,492	14,911
Transportation	13,381	-	13,381	-	-	-	13,381
Stipends	12,545	-	12,545	-	-	-	12,545
Supplies	-	10,941	10,941	-	-	-	10,941
Telephone	8,020	-	8,020	943	472	1,415	9,435
Food and household supplies	9,418	-	9,418	-	-	-	9,418
Repairs and maintenance	8,218	907	9,125	-	-	-	9,125
Employee benefits	3,364	4,273	7,637	545	909	1,454	9,091
Credit card and bank fees	-	8,358	8,358	-	-	-	8,358
Travel	-	8,313	8,313	-	-	-	8,313
Printing and supplies	4,075	-	4,075	2,798	1,244	4,042	8,117
Clothing and grooming	7,814	-	7,814	-	-	-	7,814
Contract labor	7,750	-	7,750	-	-	-	7,750
Mental health	6,625	-	6,625	-	-	-	6,625
Advertising and promotion	-	5,755	5,755	-	-	-	5,755
Interest	4,344	-	4,344	-	-	-	4,344
Property taxes	3,823	-	3,823	-	-	-	3,823
Newsletter	1,644	-	1,644	959	821	1,780	3,424
Half Step House	2,449	-	2,449	-	-	-	2,449
Individual Development Account	1,897	-	1,897	-	-	-	1,897
Meals and events	-	1,638	1,638	-	-	-	1,638
Community Foundation	-	-	-	485	-	485	485
	<u>\$ 691,512</u>	<u>\$ 368,996</u>	<u>\$ 1,060,508</u>	<u>\$ 44,479</u>	<u>\$ 62,588</u>	<u>\$ 107,067</u>	<u>\$ 1,167,575</u>

See accompanying notes to consolidated financial statements.

MAGDALENE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Change in net assets	\$ (21,714)	\$ (8,372)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	49,456	44,101
Loss on disposal of fixed assets	22	
Provision for loss on uncollectible contributions	58,237	63,216
Land portion of costs of homes constructed	-	19,973
In-kind contributions	(10,000)	(183,583)
Change in operating assets and liabilities:		
Unconditional promises to give	(20,392)	(33,991)
Other current assets	(2,578)	(4,744)
Accounts payable and accrued expenses	(200)	18,266
Net cash provided by (used in) operating activities	<u>52,831</u>	<u>(85,134)</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(10,720)</u>	<u>(13,360)</u>
Net cash used in investing activities	<u>(10,720)</u>	<u>(13,360)</u>
Cash flows from financing activities:		
Principal payments on note payable	<u>(4,774)</u>	<u>(4,423)</u>
Net cash used in financing activities	<u>(4,774)</u>	<u>(4,423)</u>
Net increase (decrease) in cash and cash equivalents	37,337	(102,917)
Cash and cash equivalents, beginning of year	<u>122,262</u>	<u>225,179</u>
Cash and cash equivalents, end of year	<u>\$ 159,599</u>	<u>\$ 122,262</u>
Supplemental schedule of cash flow information:		
Interest paid	<u>\$ 3,993</u>	<u>\$ 7,750</u>
Supplemental schedule of non cash financing and investing activities:		
Construction in progress financed by notes payable	<u>\$ -</u>	<u>\$ 32,329</u>
Construction in progress from in-kind activities	<u>\$ 10,000</u>	<u>\$ 18,183</u>
Repayment of loan and interest through sale of property	<u>\$ -</u>	<u>\$ 181,577</u>
Land included in costs of homes constructed	<u>\$ -</u>	<u>\$ 19,973</u>
Donation of land and buildings	<u>\$ -</u>	<u>\$ 165,400</u>

See accompanying notes to consolidated financial statements.

MAGDALENE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Magdalene, Inc. and subsidiary (the “Organization”) is a nonprofit corporation, organized in the state of Tennessee in 1993. Its mission is to provide sanctuary, instruction, treatment and employment for women with a history of prostitution and addiction.

The Organization operates from facilities located in Nashville, Tennessee and attracts its participants and its support primarily from the Middle Tennessee area. The Organization is supported primarily by contributions from the general public, by fees for rehabilitation services provided for the men who are arrested for first offense soliciting in conjunction with the local court system, and by fundraising events.

The following program services are provided by the Organization:

Women’s sanctuary and rehabilitation – A two-year residential community that provides housing and education for women with a criminal history of addiction and prostitution.

Thistle Farms – A program that requires all participants to assist in manufacturing and selling selected domestic home items, such as candles, skin and lip balms, bath salts, etc. under the brand name of Thistle Farms. The program assists the participants in acquiring and developing life skills needed to assimilate into the workplace at the completion of the program.

The Organization has established a wholly-owned subsidiary, Magdalene Homes, LLC, to construct residential housing for graduates of its program.

Principles of Consolidation

The consolidated statements include the accounts and activities of Magdalene, Inc. and Magdalene Homes, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

MAGDALENE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

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 permit the Organization to use all or part of the income earned and any related investments for general or specific purposes.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organization considers all cash and related short-term investments with original maturities of three months or less to be cash equivalents.

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization uses the allowance method to determine uncollectible unconditional promises to give.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation is provided using the straight-line basis over the estimated useful lives of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Therefore, no provision for federal income taxes is included in the accompanying consolidated financial statements.

MAGDALENE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon management's estimate.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

Donated Goods and Services

Donated goods and services are recognized at the fair value of items received at the time of donation. Volunteer time is recognized to the extent such time is provided by individuals with specialized training and which would normally need to be purchased. The Organization also receives volunteer services from a number of individuals in carrying out its programs but not meeting the criteria for recognition in the consolidated financial statements.

Concentration of Credit Risk

The Organization maintains cash balances with banks and other financial institutions which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Deposits are insured by the Federal Deposit Insurance Corporation. Management believes the Organization is not exposed to any significant credit risk on cash.

NOTE 2 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following at June 30:

	<u>2009</u>	<u>2008</u>
Unconditional promises to give	\$ 267,714	\$ 316,103
Less: allowance for uncollectible contributions	(50,512)	(53,861)
Less: discount to net present value	<u>(2,708)</u>	<u>(9,903)</u>
Net unconditional promises to give	214,494	252,339
Less: amounts receivable in less than one year, net	<u>(142,105)</u>	<u>(125,586)</u>
Receivable in one to five years, net	<u><u>\$ 72,389</u></u>	<u><u>\$ 126,753</u></u>

MAGDALENE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, consists of the following:

	<u>2009</u>	<u>2008</u>
Land and buildings	\$ 1,086,425	\$ 1,086,425
Furniture, fixtures and equipment	49,555	49,884
Vehicle	20,247	20,247
Construction in progress	20,000	-
Leasehold improvements	<u>10,236</u>	<u>10,236</u>
	1,186,463	1,166,792
Less: accumulated depreciation	<u>(223,965)</u>	<u>(175,536)</u>
	<u>\$ 962,498</u>	<u>\$ 991,256</u>

NOTE 4 – NOTES PAYABLE

The Organization has a note agreement that provides for monthly payments of \$731, including interest at 7.27%, through maturity in March 2017. Borrowings under this agreement are secured by a first deed of trust on certain property. Amounts outstanding under the loan totaled \$51,622 and \$56,396 at June 30, 2009 and 2008, respectively.

Scheduled maturities of the note payable are as follows for the year ending June 30:

2010	\$ 5,196
2011	5,586
2012	6,006
2013	6,458
2014	6,943
Thereafter	<u>21,433</u>
	<u>\$ 51,622</u>

NOTE 5 – NET ASSETS

Temporarily restricted net assets consist of the following at June 30:

	<u>2009</u>	<u>2008</u>
Unconditional promises to give due in future periods	<u>\$ 214,494</u>	<u>\$ 252,339</u>

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support the operations of the Organization. Permanently restricted net assets totaled \$57,304 at June 30, 2009 and 2008.

MAGDALENE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008

NOTE 6 – IN-KIND CONTRIBUTIONS

During the year ended June 30, 2008, two properties were donated to the Organization to be used to provide safe residences for women in the program. The estimated fair value of the properties, \$165,400, was recorded as an in-kind contribution in the accompanying 2008 consolidated statement of activities.

NOTE 7 – RELATED PARTIES

The Executive Director is an Episcopalian priest who is assigned to Saint Augustine's Chapel ("the Chapel") on the campus of Vanderbilt University in Nashville, Tennessee, and receives no compensation from the Organization.

The Organization operates its administrative facilities from the Chapel, which donates the use of these facilities without cost, other than direct reimbursable expenses, as part of its community outreach program. Expenses reimbursed to the Chapel for program and administrative assistance were \$4,841 and \$14,911 for the years ended June 30, 2009 and 2008, respectively.

The Treasurer maintains the internal bookkeeping records of the Organization and was compensated \$500 and \$3,500 for these services in the years ended June 30, 2009 and 2008, respectively.

NOTE 8 – MAGDALENE HOMES, LLC

Magdalene Homes, LLC, was organized on April 1, 2004 as a Tennessee limited liability company and is owned 100% by Magdalene, Inc. for the purpose of purchasing real estate and building residential homes for graduates of its program. During the year ended June 30, 2008, the construction of two homes was completed and the homes sold to former Magdalene residents. The sales price of the two homes was \$203,000, including unearned revenue for third mortgages of \$20,000. Unearned revenue on third mortgages represents the non-interest bearing third mortgage loans held by the Organization related to these homes. The homeowner is required to sign a third mortgage for the difference between the estimated fair market value of the home, and the balance of other mortgages at the transfer date. The Organization does not foresee collection of the third mortgage loans except in the event of sale, refinance, or other transfer of the home by the owner.

NOTE 9 – COMMUNITY FOUNDATION OF MIDDLE TENNESSEE INVESTMENTS

The Community Foundation of Middle Tennessee, a separate unaffiliated nonprofit organization, maintains investments on behalf of the Organization. The Community Foundation has ultimate authority and control over the investments; accordingly, the net assets of the Organization do not include these investments. The Organization transferred no permanently restricted endowment funds during the years ended June 30, 2009 and 2008. The Organization does anticipate receiving periodic investment earnings on its pro-rata share of the Community Foundation's assets. The balance of the endowment fund held for the benefit of the Organization totaled approximately \$40,000 and \$53,000 at June 30, 2009 and 2008, respectively.