LATTIMORE BLACK MORGAN & CAIN, PC
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Nashville Public Library Foundation:

We have audited the accompanying statements of financial position of Nashville Public Library Foundation (the "Foundation") as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 financial statements referred to above present fairly, in all material respects, the financial position of Nashville Public Library Foundation as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lattimore Black Morgan & Cain, PC

Brentwood, Tennessee
November 19, 2009

NASHVILLE PUBLIC LIBRARY FOUNDATION

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NASHVILLE PUBLIC LIBRARY FOUNDATION

Financial Statements

June 30, 2009 and 2008

(With Independent Auditors' Report Thereon)

LATTIMORE BLACK MORGAN & CAIN, PC
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

NASHVILLE PUBLIC LIBRARY FOUNDATION

Statements of Financial Position

June 30, 2009 and 2008

		2009		2008
Assets				
Cash and cash equivalents	$	5,285,705	$	3,430,217
Contributions receivable, net		129,695		327,072
Investments		2,835,286		5,686,819
Leasehold improvements and computer equipment, net		10,523		85,689
	$	8,261,209	$	9,529,797
Liabilities and Net Assets				
Liabilities -				
Accounts payable	$	71,537	$	39,592
Net assets:				
Unrestricted:				
Board designated endowment		450,000		450,000
Undesignated		1,472,585		1,448,967
Total unrestricted		1,922,585		1,898,967
Temporarily restricted		3,682,305		4,949,254
Permanently restricted		2,584,782		2,641,984
Total net assets		8,189,672		9,490,205
Total liabilities and net assets	$	8,261,209	$	9,529,797

See accompanying notes to the financial statements.

NASHVILLE PUBLIC LIBRARY FOUNDATION

Statements of Activities

Years ended June 30, 2009 and 2008

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:								
Contributions	$ 42,750	$ 192,602	$ 31,325	$ 266,677	$ 68,714	$ 861,161	$ 18,950	$ 948,825
Fundraising events and annual campaign	625,721	-	-	625,721	541,000	-	-	541,000
Sale of posters	-	-	-	-	56	-	-	56
Investment income (loss), net of investment fees of $17,917 in 2009 and $21,202 in 2008	(136,549)	(162,529)	(88,527)	(387,605)	198,750	(28,193)	-	170,557
Rental income	57,100	-	-	57,100	78,151	-	-	78,151
Net assets released resulting from satisfaction of donor restrictions	1,297,022	(1,297,022)	-	-	1,365,785	(1,365,785)	-	-
Total support and revenue	1,886,044	(1,266,949)	(57,202)	561,893	2,252,456	(532,817)	18,950	1,738,589
Expenses:								
Program services:								
Support to the Nashville Public Library	1,404,828	-	-	1,404,828	1,535,951	-	-	1,535,951
Supporting services:								
Management and general	221,635	-	-	221,635	256,879	-	-	256,879
Fundraising	235,963	-	-	235,963	210,799	-	-	210,799
Total expenses	1,862,426	-	-	1,862,426	2,003,629	-	-	2,003,629
Change in net assets	23,618	(1,266,949)	(57,202)	(1,300,533)	248,827	(532,817)	18,950	(265,040)
Net assets at beginning of year	1,898,967	4,949,254	2,641,984	9,490,205	1,650,140	5,482,071	2,623,034	9,755,245
Net assets at end of year	$ 1,922,585	$ 3,682,305	$ 2,584,782	$ 8,189,672	$ 1,898,967	$ 4,949,254	$ 2,641,984	$ 9,490,205

See accompanying notes to the financial statements.

NASHVILLE PUBLIC LIBRARY FOUNDATION

Statements of Cash Flows

Years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Change in net assets	$ (1,300,533)	$ (265,040)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation expense	75,166	111,132
Permanently restricted contributions	(31,325)	(18,950)
Realized and unrealized losses on investments	546,705	187,981
(Increase) decrease in:		
Contributions receivable	197,377	(112,677)
Increase (decrease) in:		
Accounts payable	31,945	39,592
Due to Nashville Public Library	-	(1,036)
Total adjustments	819,868	206,042
Net cash used by operating activities	(480,665)	(58,998)
Cash flows from investing activities:		
Purchase of leasehold improvements	-	(19,466)
Proceeds from sale of investments	3,185,677	1,424,098
Purchase of investments	(880,849)	(899,290)
Net cash provided by investing activities	2,304,828	505,342
Cash flows from financing activities - permanently restricted contributions	31,325	18,950
Increase in cash and cash equivalents	1,855,488	465,294
Cash and cash equivalents at beginning of year	3,430,217	2,964,923
Cash and cash equivalents at end of year	$ 5,285,705	$ 3,430,217

See accompanying notes to the financial statements.

(1) Nature of operations

Nashville Public Library Foundation (the "Foundation") was organized in 1997 as a tax-exempt publicly supported charitable organization. The Foundation was formed to enhance and support the programs and facilities of the Nashville Public Library.

(2) Summary of significant accounting policies

The financial statements of the Foundation are presented on the accrual basis. The significant accounting policies followed are described below.

(a) Basis of presentation

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 Foundation and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation.

All 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. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

(b) Cash equivalents

Cash and cash equivalents consist principally of checking account balances, cash held in a brokerage account, a money market account, and certificates of deposit.

(c) 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. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

(d) Investments

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are shown at their fair values in the statements of financial position. Investment income shown in the statements of activities includes interest, dividends, and realized and unrealized gains and losses, net of investment expenses. Investment income is reported in the period earned as an increase in unrestricted net assets unless the use of the assets received is limited by donor-imposed restrictions. Investment income that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions are met or expire in the year in which the income is recognized. All other donor-restricted investment income is reported as an increase in temporarily restricted net assets depending on the nature of the restrictions. See Note 6 for discussion of fair value measurements.

(e) Leasehold improvements and computer equipment

Leasehold improvements and computer equipment are stated at cost. Depreciation is provided over the assets' estimated useful lives using the straight-line method. Leasehold improvements are amortized over the shorter of their estimated lives or the respective lease term. Computer equipment is generally depreciated over five years.

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. When property is retired or sold, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in operations.

(f) Income taxes

The Foundation is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3), and, accordingly, no provision for income taxes is included in the financial statements.

(g) Donated assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

(h) Collections

Collection items acquired either through purchase or donations are not capitalized. Purchases of collection items are recorded as decreases in unrestricted net assets if purchased with unrestricted assets and as decreases in temporarily restricted or permanently restricted net assets if purchased with donor-restricted assets. Contributions of collection items are not recognized in the statement of activities. Proceeds from deaccessions or insurance recoveries are reflected in the statement of activities based on the absence or existence and nature of donor-imposed restrictions.

(i) Program and supporting services - functional allocation

The following program and supporting services are included in the accompanying financial statements:

Program services - includes activities carried out to fulfill the Foundation's mission to enhance and support the programs and facilities of the Nashville Public Library.

Supporting services:

Management and general - relates to the overall direction of the organization. These expenses are not identifiable with a particular program or with fundraising, but are indispensable to the conduct of those activities and are essential to the organization. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, and other administrative activities.

Fundraising - includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and creation and distributions of fundraising materials.

(j) Allocation of functional expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among two or more programs or activities benefited based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

(k) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(l) Recently issued accounting pronouncements

In July 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109* ("FIN 48"), which clarifies the accounting for uncertainty in income taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 was effective for fiscal years beginning after December 15, 2006; however, the FASB delayed the effective date for nonpublic companies to periods beginning after December 15, 2007. On December 30, 2008, the FASB issued Staff Position No. 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Entities* ("FSP 48-3") which allows certain nonpublic entities to defer implementation of FIN 48 to fiscal years beginning after December 15, 2008. Management has elected to adopt FSP 48-3 and defer implementation of FIN 48. As a result, the Foundation has accounted for uncertain tax positions in accordance with FASB Statements No. 109, *Accounting for Income Taxes* and No. 5, *Accounting for Contingencies* in the accompanying financial statements.

The Uniform Prudent Management Institutional Funds Act was enacted in Tennessee effective July 1, 2007. In connection with this act, the FASB issued FASB Staff Position No. FAS 117-1 *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* ("FSP 117-1") in August 2008. FSP 117-1 is effective for years ending after December 15, 2008; therefore, the Foundation's 2009 fiscal year financial statements reflect the adoption of this accounting standard (see Note 9).

(m) Events occurring after reporting date

The Foundation has evaluated events and transactions that occurred between June 30, 2009 and November 19, 2009, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

(3) Credit risk and other concentrations

Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation or the Security Investors Protection Corporation ("SIPC") up to $100,000 (temporarily increased to $250,000 on October 3, 2008 for a period running through December 31, 2013) or $1,000,000, respectively. The Foundation generally maintains accounts at financial institutions in excess of insured amounts. The Foundation has not experienced any losses in such accounts and management believes the Foundation is not exposed to any significant credit risk related to these accounts.

The Foundation utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

As of June 30, 2008, the Foundation owned $2.7 million of auction rate preferred securities for which the monthly auctions had consistently failed to produce the option for liquidity. The financial institution which held these securities for the Foundation agreed to buy these securities from the Foundation over time at their par value. During 2009, the Foundation liquidated all of these securities at no loss to the Foundation.

(4) Contributions receivable

A summary of contributions receivable as of June 30, 2009 and 2008 is as follows:

	2009	2008
Temporarily restricted:		
Receivable in less than one year	$ 113,750	$ 252,962
Receivable in one to five years	18,200	84,150
Total contributions receivable	131,950	337,112
Less discount to net present value	(2,255)	(10,040)
Contributions receivable, net	$ 129,695	$ 327,072

The discount rate used to determine the present value of contributions receivable is 2.60% for 2009 and 3.77% for 2008.

(5) Investments

A summary of investments as of June 30, 2009 and 2008 is as follows:

	2009	2008
Common stocks and mutual funds	$ 1,777,684	$ 1,812,591
Preferred stocks	95,296	101,040
Government bonds and U.S. agency securities	-	1,300,000
Corporate bonds and convertible bonds	699,732	2,161,119
Hedge funds	262,574	312,069
	$ 2,835,286	$ 5,686,819

The following schedule summarizes the investment income in the statements of activities for 2009 and 2008:

	2009	2008
Interest and dividend income	$ 177,017	$ 379,740
Net gain (loss) on investments	(546,705)	(187,981)
Fees paid	(17,917)	(21,202)
	$ (387,605)	$ 170,557

(6) Fair value measurements

In 2009, the Foundation adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 clarifies the definition of fair value, establishes a framework for measuring fair value and expands the disclosures for fair value measurement. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under SFAS 157 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation's management has the ability to access.

Level 2 - Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for asset measurement at fair value. There have been no changes in the methodologies used at June 30, 2009 and 2008.

(i) *Common and preferred stocks*: Valued at the closing price reported on the active market on which the individual securities are traded.

(ii) *Mutual funds*: Valued at the net asset value of shares held by the Foundation at year end.

(iii) *Corporate bonds and convertible bonds*: Valued using observable inputs including benchmark yields, reported trades, broker/dealer quotes or alternative pricing sources with reasonable levels of price transparency.

(iv) *Hedge funds*: The Foundation invests in funds that use derivative financial instruments to hedge against adverse changes in interest rates and foreign exchange rates. The underlying investments of the derivative funds are valued by the custodian based on the last prior sales price on the principal board of trade or other contracts market or by quotations from the contra party bank.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2009:

	Level 1	Level 2	Level 3	Total
Common stocks and mutual funds	$ 1,777,684	$ -	$ -	$ 1,777,684
Preferred stock	95,296	-	-	95,296
Corporate bonds and convertible bonds	-	699,732	-	699,732
Hedge funds	-	-	262,574	262,574
Total	$ 1,872,980	$ 699,732	$ 262,574	$ 2,835,286

A summary of changes in the fair value of the Foundation's Level 3 assets for the year ended June 30, 2009 is as follows:

		Hedge Funds
Balance at June 30, 2008	$	312,069
Unrealized losses		(49,495)
Balance at June 30, 2009	$	262,574

(7) Leasehold improvements and computer equipment

A summary of leasehold improvements and computer equipment as of June 30, 2009 and 2008 is as follows:

		2009		2008
Leasehold improvements	$	229,212	$	229,212
Computer equipment		8,991		8,991
		238,203		238,203
Accumulated depreciation		(227,680)		(152,514)
	$	10,523	$	85,689

(8) Net assets

The Board of Directors has designated that certain types of support received are not to be used for current operating purposes. Such designation may be terminated at the discretion of the Board and does not represent donor restrictions. A summary of unrestricted net assets at June 30, 2009 and 2008 is as follows:

		2009		2008
Board-designated for endowment	$	450,000	$	450,000
Undesignated		1,472,585		1,448,967
	$	1,922,585	$	1,898,967

Temporarily restricted net assets as of June 30, 2009 and 2008 are available for the following purposes:

		2009		2008
Specific program reserves	$	3,682,305	$	4,949,254

(9) Endowments

The Foundation's endowments consists of nine individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

During 2007, the state of Tennessee adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). As prescribed by UPMIFA, the Foundation intends to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Foundation and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

Endowment Net Asset Composition by Type of Fund

June 30, 2009	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowments	$ -	$ -	$ 2,584,782	$ 2,584,782
Board-designated endowment	450,000	-	-	450,000
Total	$ 450,000	$ -	$ 2,584,782	$ 3,034,782

June 30, 2008	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowments	$ -	$ -	$ 2,641,984	$ 2,641,984
Board-designated endowments	450,000	-	-	450,000
Total	$ 450,000	$ -	$ 2,641,984	$ 3,091,984

Changes in Endowment Net Assets for the Years Ended June 30, 2009 and 2008:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance at July 1, 2007	$ 450,000	$ -	$ 2,623,034	$ 3,073,034
Contributions	-	-	18,950	18,950
Balance at June 30, 2008	450,000	-	2,641,984	3,091,984
Investment loss	-	-	(88,527)	(88,527)
Contributions	-	-	31,325	31,325
Balance at June 30, 2009	$ 450,000	$ -	$ 2,584,782	$ 3,034,782

The investment strategy and purpose for each of the Foundation's endowment funds is as follows:

Board Designated Endowment
Contributions received for the Board Designated Endowment Fund are invested in marketable securities and equity securities in accordance with the investment policy statement maintained by the Foundation. Income from the investments is transferred to the unrestricted fund balance and is used for special programs.

Bridgestone/Firestone Endowment
Contributions received for the Bridgestone/Firestone Endowment Fund are invested in marketable securities and equity securities in accordance with the investment policy statement. Income from the investments is transferred to the Conference Center Fund (a temporarily restricted fund) and is used to purchase new equipment for the conference center and fund new art exhibits and programs in the Conference Center.

Links Endowment
Contributions received for the Links Endowment Fund are invested in marketable securities and equity securities in accordance with the investment policy statement. Income from the investments is transferred to the Bordeaux Branch Fund (a temporarily restricted fund) and is used to enhance the available collections and programming at the Bordeaux branch.

Jr. League Endowment
Contributions received for the Jr. League Endowment Fund are invested in marketable securities and equity securities in accordance with the investment policy statement. Income from the investments is transferred to the Children's Department Fund (a temporarily restricted fund) and is used for Puppet Troupe expenses, summer reading programs, and other children's programs.

General Endowment

Contributions received for the General Endowment Fund are invested in marketable securities and equity securities in accordance with the investment policy statement. Income from the investments is transferred to unrestricted net assets and is used as needed for new programs.

Wilson Endowment

Contributions received for the Wilson Endowment Fund are invested in marketable securities and equity securities in accordance with the investment policy statement. Income from the investments is transferred to the Wilson Fund (a temporarily restricted fund) and is used for art related programs and the purchase of the art books.

Caroline's Collection Endowment

Contributions received for the Caroline's Collection Endowment Fund are invested in marketable securities and equity securities in accordance with the investment policy statement. Income from the investments is transferred to the Caroline's Collection Fund (a temporarily restricted fund) and is used to purchase children's books for the children's department.

Adult Programming Endowment

Contributions received for the Adult Programming Endowment Fund are invested in marketable securities and equity securities in accordance with the investment policy statement. Income from the investments is transferred to the Adult Program Fund (a temporarily restricted fund) and is used to fund new literary programs for adults.

Beasley Endowment

Contributions received for the Beasley Endowment Fund are invested in marketable securities and equity securities in accordance with the investment policy statement. Income from the investments will be transferred to a temporarily restricted fund and used to purchase special books.

(10) Leases

Pursuant to a Commercial Lease Agreement, dated April 12, 2000, between The Metropolitan Development and Housing Agency, as lessor, and the Foundation, as lessee, the Foundation leases a portion of the downtown public library (the "Leased Space"), at a rental of $1 per year. The lease terminates on July 1, 2098. A portion of the leased space is subleased to two unaffiliated organizations. Approximate future minimum lease income to be received under the subleases as of June 30, 2009 are as follows: $38,000 in 2010; $24,000 in 2011; and $4,000 in 2012.

(11) Related party transactions

Cash and investments of approximately $6.3 million and $6.4 million as of June 30, 2009 and 2008, respectively, were held in various accounts with financial institutions and their affiliates of which certain Board members are senior officers. The Foundation paid $17,917 and $21,202 in investment fees related to investment management in 2009 and 2008, respectively.

Contributions from board members amounted to approximately $185,000 and $275,000 in 2009 and 2008, respectively. The Foundation had pledges receivable from these board members amounting to approximately $26,000 and $145,000 at June 30, 2009 and 2008, respectively.

(12) Fund with Community Foundation of Middle Tennessee

In August 2001, an individual established the Nashville Public Library Endowment Fund, an agency endowment fund with the Community Foundation of Middle Tennessee (the "Community Foundation"). Earnings on this fund are designated for general operations and programs of the Foundation. Total funds held by the Community Foundation, which are excluded from the assets of the Foundation, amounted to $782,092 at June 30, 2009 and $1,042,291 at June 29, 2008. This fund distributed $55,900 to the Foundation during 2009 and $51,800 during 2008, which are included in temporarily restricted contributions.