

THE JUNIOR LEAGUE OF NASHVILLE, INC.

FINANCIAL STATEMENTS

May 31, 2009 and 2008

THE JUNIOR LEAGUE OF NASHVILLE, INC.

TABLE OF CONTENTS

Independent Auditor's Report.....	2
Audited Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities	4 – 5
Statements of Functional Expenses.....	6 – 7
Statements of Cash Flows	8
Notes to the Financial Statements	9 – 16



FRASIER, DEAN & HOWARD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

3310 WEST END AVENUE, SUITE 550
NASHVILLE, TENNESSEE 37203
PHONE 615-383-6592, FAX 615-383-7094

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Junior League of Nashville, Inc.
Nashville, Tennessee

We have audited the accompanying statement of financial position of The Junior League of Nashville, Inc. (a non-profit organization) as of May 31, 2009, and the related statement of activities, functional expenses, and cash flows for the year then ended. We have also audited the accompanying consolidated statement of financial position of The Junior League of Nashville, Inc. and affiliate (a non-profit organization) as of May 31, 2008, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 2009 financial statements referred to above present fairly, in all material respects, the financial position of The Junior League of Nashville, Inc. as of May 31, 2009, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the 2008 financial statements referred to above present fairly, in all material respects, the financial position of The Junior League of Nashville, Inc. and affiliate as of May 31, 2008, and the changes in their net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Frasier, Dean & Howard, PLLC

August 19, 2009

THE JUNIOR LEAGUE OF NASHVILLE, INC.
STATEMENTS OF FINANCIAL POSITION
May 31, 2009 and 2008

	2009	2008 (Consolidated)
Assets		
Current assets:		
Cash and cash equivalents	\$ 241,028	\$ 177,009
Book inventory	34,562	57,473
Accounts receivable	14,799	16,542
Unconditional promises to give	-	96,948
Prepaid expense	500	3,810
Investments	331,000	332,000
Total current assets	621,889	683,782
Investments	7,673,308	10,669,733
Land, building and equipment	3,356,603	3,419,149
Less: accumulated depreciation	(1,218,277)	(1,215,510)
Net land, building and equipment	2,138,326	2,203,639
Total assets	<u>\$ 10,433,523</u>	<u>\$ 13,557,154</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 66,319	\$ 29,753
Deferred membership dues	265,252	289,617
Grant payable, current portion	331,000	332,000
Total current liabilities	662,571	651,370
Grant payable, net of current portion and discount	619,187	936,518
Total liabilities	1,281,758	1,587,888
Net assets:		
Unrestricted:		
Undesignated	2,452,861	2,637,391
Designated	279,728	302,914
Total unrestricted net assets	2,732,589	2,940,305
Temporarily restricted	6,419,176	9,028,961
Total net assets	9,151,765	11,969,266
Total liabilities and net assets	<u>\$ 10,433,523</u>	<u>\$ 13,557,154</u>

See accompanying notes to financial statements.

THE JUNIOR LEAGUE OF NASHVILLE, INC.
STATEMENT OF ACTIVITIES
For the year ended May 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions and other	\$ 309,685	\$ -	\$ 309,685
Membership dues and fees	303,890	-	303,890
Cookbook sales	54,890	-	54,890
Fundraising income (including in-kind of \$122,544)	252,250	-	252,250
Satisfaction of program restrictions	242,298	(242,298)	-
	<u>1,163,013</u>	<u>(242,298)</u>	<u>920,715</u>
Total revenue			
Expenses:			
Program services (including in-kind of \$3,590)	937,255	-	937,255
Supporting services (including in-kind of \$118,954)	273,990	-	273,990
	<u>1,211,245</u>	<u>-</u>	<u>1,211,245</u>
Total expenses			
Change in net assets, before investment loss	(48,232)	(242,298)	(290,530)
Investment loss, net	(159,484)	(2,367,487)	(2,526,971)
Change in net assets	(207,716)	(2,609,785)	(2,817,501)
Net assets, beginning of year	2,940,305	9,028,961	11,969,266
Net assets, end of year	<u>\$ 2,732,589</u>	<u>\$ 6,419,176</u>	<u>\$ 9,151,765</u>

See accompanying notes to financial statements.

THE JUNIOR LEAGUE OF NASHVILLE, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended May 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions and other	\$ 313,023	\$ 9,834	\$ 322,857
Investment return, net	35,332	(222,675)	(187,343)
Membership dues and fees	290,602	-	290,602
Cookbook sales	72,656	-	72,656
Fundraising income (including in-kind of \$52,291)	208,234	-	208,234
Satisfaction of program restrictions	1,776,100	(1,776,100)	-
 Total revenue	 <u>2,695,947</u>	 <u>(1,988,941)</u>	 <u>707,006</u>
Expenses:			
Program services (including in-kind of \$3,211)	2,521,928	-	2,521,928
Supporting services (including in-kind of \$49,080)	239,383	-	239,383
 Total expenses	 <u>2,761,311</u>	 <u>-</u>	 <u>2,761,311</u>
 Change in net assets	 (65,364)	 (1,988,941)	 (2,054,305)
 Net assets, beginning of year	 <u>3,005,669</u>	 <u>11,017,902</u>	 <u>14,023,571</u>
 Net assets, end of year	 <u>\$ 2,940,305</u>	 <u>\$ 9,028,961</u>	 <u>\$ 11,969,266</u>

See accompanying notes to financial statements.

THE JUNIOR LEAGUE OF NASHVILLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended May 31, 2009

	Hamilton Christmas Fund	Program Services					Mildred B.		Supporting Services			Total Supporting Services	Total Expenditures
		JLN Trust	PRKK Trusts	Community Outreach	Pennington Fund	Ansley Fund	Internal Support	Program Services	Annual Fundraisers	Supporting Services	Total Expenditures		
Community grants, sponsorships, and assistance	\$ 10,336	\$ 13,669	\$ 157,255	\$ 31,500	\$ -	\$ -	\$ 250	\$ 213,010	\$ -	\$ -	\$ 213,010	\$ -	\$ 213,010
Salaries, taxes and benefits	-	-	-	40,599	-	-	81,197	121,796	40,599	40,599	162,395	40,599	162,395
Depreciation	-	-	-	-	-	-	116,296	116,296	7,423	7,423	123,719	7,423	123,719
In-kind expenses	-	-	-	-	-	-	3,590	3,590	118,954	118,954	122,544	118,954	122,544
Bank and investment expense	11	68,867	159	185	16	99	8,419	77,756	6	6	77,762	6	77,762
Membership dues	-	-	-	-	-	-	70,535	70,535	-	-	70,535	-	70,535
Event costs	720	-	2,051	347	-	-	15,396	18,514	42,166	42,166	60,680	42,166	60,680
Facilities and equipment - other	-	-	-	-	3,149	-	38,558	41,707	12,163	12,163	53,870	12,163	53,870
Legal and professional	-	-	1,911	2,379	4,423	-	44,052	52,765	50	50	52,815	50	52,815
Insurance	-	-	-	-	-	-	42,110	42,110	-	-	42,110	-	42,110
Other	-	-	39	-	-	-	30,476	30,515	8,779	8,779	39,294	8,779	39,294
Printing and copying	-	-	311	2,423	-	-	19,475	22,209	12,249	12,249	34,458	12,249	34,458
Advertising	-	-	4,000	23,279	-	-	-	27,279	315	315	27,594	315	27,594
Cookbook	-	-	-	19	-	-	-	19	23,215	23,215	23,234	23,215	23,234
Utilities	-	-	-	-	-	-	22,793	22,793	-	-	22,793	-	22,793
Technology	-	-	-	-	4,200	-	14,927	19,127	926	926	20,053	926	20,053
Training and education	-	-	350	-	-	-	18,965	19,315	294	294	19,609	294	19,609
Telephone	-	-	-	-	-	-	18,459	18,459	478	478	18,937	478	18,937
Postage and shipping	-	-	5	867	-	-	6,175	7,047	3,300	3,300	10,347	3,300	10,347
Supplies	-	-	-	649	490	-	6,014	7,153	3,073	3,073	10,226	3,073	10,226
Other contract services	-	-	-	4,960	-	-	300	5,260	-	-	5,260	-	5,260
	\$ 11,067	\$ 82,536	\$ 166,081	\$ 107,207	\$ 12,278	\$ 99	\$ 557,987	\$ 937,255	\$ 273,990	\$ 273,990	\$ 1,211,245	\$ 273,990	\$ 1,211,245

See accompanying notes to financial statements.

THE JUNIOR LEAGUE OF NASHVILLE, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended May 31, 2008

	Program Services						Supporting Services						
	Hamilton Christmas Fund	JLN Trust	PRKK Trusts	Community Outreach	Pennington Fund	Mildred B.		Total		Supporting Services			
						Ansley Fund	Internal Support	Program Services	Annual Fundraisers	Fundraising Capital	FJLN	Supporting Services	Total Expenses
Community grants, sponsorships, and assistance	\$ 37,810	\$ 1,718,518	\$ -	\$ 82,007	\$ 260	\$ -	\$ 841	\$ 1,839,436	\$ 2,852	\$ -	\$ -	\$ 2,852	\$ 1,842,288
Salaries, taxes and benefits	-	-	-	35,845	-	-	71,691	107,536	35,845	-	-	35,845	143,381
Legal and professional	-	24,511	-	1,500	-	-	82,100	108,111	2,253	-	-	2,253	110,364
Depreciation	-	-	-	-	-	-	101,082	101,082	6,451	-	-	6,451	107,533
Facilities and equipment - other	-	-	-	-	-	-	53,277	53,277	14,892	-	-	14,892	68,169
Bank and investment expense	16	52,741	-	-	-	-	10,006	62,763	-	-	313	313	63,076
Membership dues	-	-	-	200	-	-	62,138	62,338	-	-	-	-	62,338
Event costs	856	-	3,085	2,036	-	-	8,120	14,097	47,615	-	-	47,615	61,712
In-kind expenses	-	-	-	-	-	-	3,211	3,211	49,080	-	-	49,080	52,291
Printing and copying	-	-	29	4,073	-	-	20,492	24,594	14,259	14	-	14,273	38,867
Cookbook	-	-	-	-	-	-	-	-	35,174	-	-	35,174	35,174
Insurance	-	-	-	-	-	-	34,740	34,740	-	-	-	-	34,740
Utilities	-	-	-	-	-	-	24,378	24,378	-	-	-	-	24,378
Telephone	-	-	-	-	-	-	22,412	22,412	-	-	-	-	22,412
Training and education	-	-	175	16,323	-	-	2,528	19,026	1,394	-	-	1,394	20,420
Advertising	-	-	-	355	-	-	-	355	19,242	-	-	19,242	19,597
Other	-	-	1,662	6,356	17	57	6,595	14,687	3,741	-	-	3,741	18,428
Postage and shipping	-	-	18	435	-	-	10,262	10,715	4,915	-	-	4,915	15,630
Technology	-	-	-	-	-	-	12,614	12,614	-	-	-	-	12,614
Supplies	-	-	2	2,016	-	-	3,587	5,605	1,343	-	-	1,343	6,948
Other contract services	-	-	-	-	-	-	951	951	-	-	-	-	951
	\$ 38,682	\$ 1,795,770	\$ 4,971	\$ 151,146	\$ 277	\$ 57	\$ 531,025	\$ 2,521,928	\$ 239,056	\$ 14	\$ 313	\$ 239,383	\$ 2,761,311

See accompanying notes to financial statements.

THE JUNIOR LEAGUE OF NASHVILLE, INC.
STATEMENTS OF CASH FLOWS
For the years ended May 31, 2009 and 2008

	<u>2009</u>	<u>2008</u> (Consolidated)
Cash flows from operating activities:		
Change in net assets	\$ (2,817,501)	\$ (2,054,305)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net unrealized and realized loss on investments	2,746,422	460,934
Depreciation	123,719	107,533
Change in operating assets and liabilities:		
Book inventory	22,911	34,154
Accounts receivable	1,743	(1,280)
Unconditional promises to give	96,948	89,058
Prepaid expense	3,310	(1,723)
Accounts payable and accrued expenses	36,566	(49,023)
Grants payable	(318,331)	1,268,518
Deferred membership dues	(24,365)	4,715
Net cash used in operating activities	<u>(128,578)</u>	<u>(141,419)</u>
Cash flows from investing activities:		
Sales of investments	3,530,543	4,702,968
Purchases of investments	(3,279,540)	(4,669,749)
Purchases of land, building and equipment	<u>(58,406)</u>	<u>(7,757)</u>
Net cash provided by investing activities	<u>192,597</u>	<u>25,462</u>
Cash flows from financing activities:		
Payments on line of credit	<u>-</u>	<u>(80,677)</u>
Net cash used in financing activities	<u>-</u>	<u>(80,677)</u>
Net increase (decrease) in cash and cash equivalents	64,019	(196,634)
Cash and cash equivalents, beginning of year	<u>177,009</u>	<u>373,643</u>
Cash and cash equivalents, end of year	<u>\$ 241,028</u>	<u>\$ 177,009</u>
Supplemental schedule of cash flow information:		
Interest paid	<u>\$ -</u>	<u>\$ 514</u>

See accompanying notes to financial statements.

THE JUNIOR LEAGUE OF NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2009 and 2008

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

General

Established in 1922, The Junior League of Nashville, Inc. (the "League") is an organization of women committed to promoting voluntarism, to developing the potential of women, and to improving the Middle Tennessee community through the effective action and leadership of trained volunteers. The purpose of the League is exclusively educational and charitable. The League explores the needs of the community, establishes projects to meet those needs and provides trained volunteers and financial assistance for the projects established. The League provides training for volunteers to be effective in their service to the community. The placement of those volunteers and the League's funding assistance is directed toward the areas of women, children and families. The League is a member of the Association of Junior League International, Inc.

Principles of Consolidation

The comparative financial statements at May 31, 2008 include the accounts of the League and its affiliated supporting organization, Friends of Junior League of Nashville, Inc, which was dissolved effective February 3, 2009. All significant inter-entity transactions and balances have been eliminated in consolidation during 2008.

Trust Fund

The League has a trust fund to ensure the observance of limitations and restrictions placed on the use of contributions and support to the League. These contributions are invested and the related investment income is restricted for the intended purpose of serving the best interests of children in a condition - physical, mental, emotional, environmental, or economic, that places a child at risk of not being able to live into adulthood as a healthy, educated individual, whose disabilities can be sufficiently improved or overcome to enable him or her to be self-supporting in our society. In addition to physical illness and conditions, examples include children who are crippled by poverty, illiteracy or family strife. The fair market value of assets held by the trust, less amounts currently pledged, amounted to \$5,866,247 and \$8,312,238 at May 31, 2009 and 2008, respectively, and are included in the assets of the League.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the League considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Book Inventory

Book inventory is stated at the lower of cost or market determined on the first-in, first-out basis.

THE JUNIOR LEAGUE OF NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2009 and 2008

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Investments

The League accounts for investments under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Land, Building and Equipment

Land, building and equipment are stated at cost, except those received by gift, which are stated at estimated market value as of the date of the gift. Expenditures for ordinary maintenance and repairs are charged to expense. Renewals and betterments that materially extend the life of the asset are capitalized. Depreciation on building and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Useful lives range from 40 years for buildings to 3 years for software and computers.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets 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 League and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Membership Dues

Membership dues generally cover a period of one year; therefore, such revenue is recognized over the time period to which the dues relate. Dues received in advance of the membership year are deferred.

THE JUNIOR LEAGUE OF NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2009 and 2008

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Contributions

Contributions are recognized when the donor makes a promise to give to the League 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 League uses the allowance method to determine uncollectible unconditional promises to give.

Donated Goods and Services

The League received in-kind contributions of materials and supplies primarily related to fundraising efforts in the amounts of \$122,544 and \$52,291 for the years ended May 31, 2009 and 2008, respectively.

The League receives donated services from a variety of unpaid members and other volunteers. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 has not been satisfied. However, during 2009 and 2008, members provided in excess of 110,000 hours of service to various League programs.

Federal Income Taxes

No provision for federal income taxes is made in the accompanying financial statements, as the League is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Advertising

The League's advertising is non-direct and the costs are expensed as incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the League's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE JUNIOR LEAGUE OF NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2009 and 2008

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Reclassifications

Certain reclassifications have been made to balances as of May 31, 2008 to conform with 2009 presentation.

Board Designated Endowment Fund

During 2008, the Staff of the Financial Accounting Standards Board (“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”). The provisions of the FSP are effective for fiscal years ending after December 15, 2008. As a result, the League adopted FSP 117-1 during 2009.

NOTE 2 – FRIENDS OF JUNIOR LEAGUE OF NASHVILLE, INC.

Friends of Junior League of Nashville, Inc. (“Friends”) was established effective May 30, 2002. Friends was established as a separate 501(c)(3) entity to support the charitable activities of the League. The financial statements of Friends are consolidated with the League in the accompanying comparative financial statements, as the League is its sole member. During 2009, Friends was dissolved and the remaining assets were transferred to the League.

NOTE 3 – INVESTMENTS

The composition of investments as of May 31 is as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1) <u>2009</u>	Quoted Prices in Active Markets for Identical Assets (Level 1) <u>2008</u>
U.S. Treasury notes	\$ 960,412	\$ 1,473,289
Corporate stocks	3,089,774	4,622,167
Mutual funds	2,854,634	4,312,892
Money market/cash equivalents	<u>1,099,488</u>	<u>593,385</u>
	<u>\$ 8,004,308</u>	<u>\$ 11,001,733</u>

THE JUNIOR LEAGUE OF NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2009 and 2008

NOTE 3 – INVESTMENTS (Continued)

Investments are classified as follows:

	<u>2009</u>	<u>2008</u>
Current	\$ 331,000	\$ 332,000
Noncurrent	<u>7,673,308</u>	<u>10,669,733</u>
Total	<u>\$ 8,004,308</u>	<u>\$11,001,733</u>

For the years ended May 31, 2009 and 2008, interest and dividends earned from these investments totaled \$219,451 and \$273,591, respectively. Net depreciation of investments amounted to \$2,746,422 and \$460,934 for the years ended May 31, 2009 and 2008, respectively.

NOTE 4 – LAND, BUILDING AND EQUIPMENT

The components of land, building and equipment as of May 31 are as follows:

	<u>2009</u>	<u>2008</u>
Land	\$ 631,000	\$ 631,000
Buildings	2,261,645	2,261,645
Software	56,752	-
Equipment – headquarters	<u>407,206</u>	<u>526,504</u>
	3,356,603	3,419,149
Less accumulated depreciation	<u>(1,218,277)</u>	<u>(1,215,510)</u>
Net land, building and equipment	<u>\$ 2,138,326</u>	<u>\$ 2,203,639</u>

NOTE 5 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are as follows at May 31:

	<u>2009</u>	<u>2008</u>
“Future Building” campaign/other	\$ -	\$ 16,948
Anniversary Community Endowment Fund	<u>-</u>	<u>80,000</u>
	<u>\$ -</u>	<u>\$ 96,948</u>
Receivable in less than one year	\$ -	\$ 96,948
Receivable in one to five years, net	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 96,948</u>

THE JUNIOR LEAGUE OF NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2009 and 2008

NOTE 5 – UNCONDITIONAL PROMISES TO GIVE (Continued)

The unconditional promises to give for “Future Building” campaign/other were primarily used to pay for the building purchased during fiscal 2000 and renovations at the 2202 Crestmoor location. The unconditional promises to give for the Anniversary Community Endowment Fund were to provide financial support for the activities of the League that improve the welfare of the community. An allowance for uncollectible contributions has not been provided as management deems all contributions fully collectible.

NOTE 6 – GRANT PAYABLE

The League’s board of directors and advisory board reached an agreement in May 2008, effective as of July 1, 2007, to provide Vanderbilt Children’s Hospital (“VCH”) \$1.97 million over the period from November 2006 through May 2012, payable in installments. The proceeds are to be used for the operation of a number of programs at VCH as described in the agreement.

The liability for grant payable at May 31 is as follows:

	<u>2009</u>	<u>2008</u>
Amount payable to VCH	\$ 987,000	\$ 1,319,000
Less: discount to net present value	<u>(36,813)</u>	<u>(50,482)</u>
	<u>\$ 950,187</u>	<u>\$ 1,268,518</u>
Payable in less than one year	331,000	332,000
Payable in one to five years, net	<u>619,187</u>	<u>936,518</u>
	<u>\$ 950,187</u>	<u>\$ 1,268,518</u>

NOTE 7 – ANNIVERSARY COMMUNITY ENDOWMENT FUND

The League’s board designated Anniversary Community Endowment Fund is held in an investment account which is invested in a conservative manner. The League's approach to this investment is to maintain the accumulated balances and protect the principal invested. The League has imposed a restriction on the endowment fund that nothing may be spent until the value of the endowment exceeds \$1 million. In addition, the League requires that each year 10% of the net proceeds from the annual fundraisers of the League be invested in this endowment. Changes in endowment net assets for the year ended May 31 are as follows:

	<u>2009</u>	<u>2008</u>
Endowment net assets, beginning of year	\$ 116,107	\$ 98,327
Contributions	19,191	21,857
Investment return:		
Net depreciation (realized and unrealized)	<u>(3,986)</u>	<u>(4,077)</u>
Endowment net assets, end of year	<u>\$ 131,312</u>	<u>\$ 116,107</u>

THE JUNIOR LEAGUE OF NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2009 and 2008

NOTE 8 – 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 supporting services based on estimates made by management.

NOTE 9 – CONCENTRATIONS OF CREDIT RISK

At various times during the fiscal year, the League's cash and cash equivalent balances exceeded the federally insured limits. Additionally, the League has approximately \$8 million of investments in debt and equity securities, which are subject to market risk.

NOTE 10 – DONOR RESTRICTED AND BOARD OF DIRECTORS DESIGNATED NET ASSETS

The components of donor restricted (temporarily restricted) and board of directors' designated net assets as of May 31, 2009 are as follows:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>
JLN Trust – Junior League Home for Crippled Children	\$ -	\$ 5,866,247
Operation Reserve – Care for Children	-	264,091
Hamilton Fund – Gladden the Hearts of the Children at Christmas	-	40,172
Anniversary Community Endowment Fund	131,312	248,666
Mildred B. Ansley Fund – JLN operations	131,806	-
Pennington Fund – Esprit de Corp	<u>16,610</u>	<u>-</u>
	<u>\$ 279,728</u>	<u>\$ 6,419,176</u>

The components of donor restricted (temporarily restricted) and board of directors' designated net assets as of May 31, 2008 are as follows:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>
JLN Trust – Junior League Home for Crippled Children	\$ -	\$ 8,312,238
Operation Reserve – Care for Children	-	412,367
Hamilton Fund – Gladden the Hearts of the Children at Christmas	-	29,901
“Future Building” Campaign/other contributions receivable	-	16,948
Anniversary Community Endowment Fund	116,107	257,507
Mildred B. Ansley Fund – JLN operations	152,024	-
Pennington Fund – Esprit de Corp	<u>34,783</u>	<u>-</u>
	<u>\$ 302,914</u>	<u>\$ 9,028,961</u>

THE JUNIOR LEAGUE OF NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2009 and 2008

NOTE 10 – DONOR RESTRICTED AND BOARD OF DIRECTORS DESIGNATED NET ASSETS (Continued)

JLN Trust – Junior League Home for Crippled Children. This balance is comprised of a trust established by the League to own, maintain and operate the Junior League Home for Crippled Children (the “Home”). According to the trust agreement, assets of the trust and any income received are to be used for programs of the Home.

Operation Reserve – Care for Children. This balance represents contributions restricted for community projects that benefit crippled children.

Hamilton Fund – Gladden the Hearts of the Children at Christmas. This balance represents donor contributions restricted to gladden the hearts of children at Christmas time.

“Future Building” Campaign. This balance represents contributions restricted for the renovation of the new building purchased during 2000 and for renovation of the 2202 Crestmoor location.

Anniversary Community Endowment Fund. This balance represents contributions restricted and board designated to provide financial support for activities of the League that improve the welfare of the community. The restricted contributions cannot be used for League activities until the fund exceeds a balance of \$1,000,000.

Mildred B. Ansley Fund – JLN Operations. This balance represents a memorial of Mildred B. Ansley, a member of the League, who bequeathed \$150,000 to the League. The League has designated that her gift be invested as a memorial and that the investment return be used to provide equipment the League requires to maintain its operations.

Pennington Fund – Esprit de Corp. This balance represents a memorial to Florence B. Pennington, whose income should be used to promote esprit de corp among the membership.

NOTE 11 – SUBSEQUENT EVENT

Subsequent to May 31, 2009, the League sold its administrative office building for approximately \$2 million. The land and building had a depreciated value of approximately \$1.2 million at May 31, 2009.