

**THE JUNIOR LEAGUE OF NASHVILLE, INC.  
AND AFFILIATE**

**FINANCIAL STATEMENTS**

**May 31, 2005 and 2004**

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**F R A S I E R , D E A N & H O W A R D , P L L C**

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## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
The Junior League of Nashville, Inc. and Affiliate  
Nashville, Tennessee

We have audited the accompanying consolidated statements of financial position of The Junior League of Nashville, Inc. and Affiliate (a non-profit organization) as of May 31, 2005 and 2004, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 2005 and 2004 consolidated 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, 2005 and 2004, and the 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.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information on pages 17 and 18 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

*Frasier, Dean & Howard, PLLC*

September 15, 2005

**THE JUNIOR LEAGUE OF NASHVILLE, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**May 31, 2005 and 2004**

	<b>Assets</b>	
	<b>2005</b>	<b>2004</b>
Current assets:		
Cash and cash equivalents	\$ 259,168	\$ 423,213
Accounts receivable	-	22,441
Book inventory	42,244	72,069
Unconditional promises to give	318,603	597,511
Investments	300,000	300,000
Other	-	1,365
Total current assets	<u>920,015</u>	<u>1,416,599</u>
Investments	9,772,855	9,644,409
Unconditional promises to give, net of current portion and discount	94,165	370,207
Land, building and equipment	3,447,050	3,410,465
Less: accumulated depreciation	<u>(903,640)</u>	<u>(777,052)</u>
Net land, building and equipment	<u>2,543,410</u>	<u>2,633,413</u>
Total assets	<u><u>\$ 13,330,445</u></u>	<u><u>\$ 14,064,628</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 32,657	\$ 155,926
Deferred membership dues	299,838	298,835
Grants payable	300,000	300,000
Current portion of long-term debt	<u>375,567</u>	<u>975,000</u>
Total current liabilities	<u>1,008,062</u>	<u>1,729,761</u>
Long term debt	-	150,000
Grants payable, net of current portion and discount	<u>285,158</u>	<u>579,230</u>
Total liabilities	<u>1,293,220</u>	<u>2,458,991</u>
Net assets:		
Unrestricted:		
Undesignated	2,546,103	2,220,047
Designated	<u>252,568</u>	<u>195,890</u>
Total unrestricted net assets	2,798,671	2,415,937
Temporarily restricted	<u>9,238,554</u>	<u>9,189,700</u>
Total net assets	<u>12,037,225</u>	<u>11,605,637</u>
Total liabilities and net assets	<u><u>\$ 13,330,445</u></u>	<u><u>\$ 14,064,628</u></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, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions and other	\$ 427,536	\$ 5,532	\$ 433,068
Investment return, net	34,721	636,648	671,369
Membership dues and fees	308,435	-	308,435
Cookbook sales	30,827	-	30,827
Fundraising income (including in-kind of \$383,746)	775,668	-	775,668
Satisfaction of program restrictions	593,326	(593,326)	-
	<u>2,170,513</u>	<u>48,854</u>	<u>2,219,367</u>
Total revenue			
Expenses:			
Program services	963,364	-	963,364
Supporting services (including in-kind of \$383,746)	824,415	-	824,415
	<u>1,787,779</u>	<u>-</u>	<u>1,787,779</u>
Total expenses			
Change in net assets	382,734	48,854	431,588
Net assets, beginning of year	<u>2,415,937</u>	<u>9,189,700</u>	<u>11,605,637</u>
Net assets, end of year	<u><u>\$ 2,798,671</u></u>	<u><u>\$ 9,238,554</u></u>	<u><u>\$ 12,037,225</u></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, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions and other	\$ 225,704	\$ 283,634	\$ 509,338
Investment return, net	101,378	1,195,871	1,297,249
Membership dues and fees	298,704	-	298,704
Cookbook sales	49,201	-	49,201
Fundraising income (including in-kind of \$376,063)	821,752	-	821,752
Satisfaction of program restrictions	<u>650,680</u>	<u>(650,680)</u>	<u>-</u>
Total revenue	2,147,419	828,825	2,976,244
Expenses:			
Program services (including in-kind of of \$4,279)	822,976	-	822,976
Supporting services (including in-kind of \$376,063)	<u>970,082</u>	<u>-</u>	<u>970,082</u>
Total expenses	<u>1,793,058</u>	<u>-</u>	<u>1,793,058</u>
Change in net assets	354,361	828,825	1,183,186
Net assets, beginning of year	<u>2,061,576</u>	<u>8,360,875</u>	<u>10,422,451</u>
Net assets, end of year	<u><u>\$ 2,415,937</u></u>	<u><u>\$ 9,189,700</u></u>	<u><u>\$ 11,605,637</u></u>

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, 2005

	Program Services						Supporting Services						
	Hamilton Christmas Fund	JLN Trust	Community Outreach	Pennington Fund	Mildred B.		Internal Support	Total Program Services	Annual Fundraisers	Fundraising Capital	Fundraising FJLN	Total Supporting Services	Total Expenses
					Ansley Fund								
In-kind expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 383,323	\$ -	\$ -	\$ 383,323	\$ 383,323
Community grants, sponsorships, and assistance	80,452	2,300	176,574	-	-	-	2,987	262,313	2,409	-	-	2,409	264,722
Salaries, temporary services	-	-	44,020	-	-	-	84,394	128,414	44,020	-	-	44,020	172,434
Depreciation	-	-	-	-	-	-	118,993	118,993	7,595	-	-	7,595	126,588
Interest/investment/banking expense	459	29,785	2,623	255	1,186	-	18,560	52,868	-	34,416	575	34,991	87,859
Printing and publications	-	57	4,913	-	-	-	37,312	42,282	36,857	5	-	36,862	79,144
Association and community dues	-	-	-	-	-	-	77,879	77,879	-	-	-	-	77,879
Building repairs and maintenance	-	-	-	-	-	-	64,000	64,000	8,153	-	-	8,153	72,153
Advertising and promotions	-	-	212	-	-	-	1,643	1,855	59,259	-	-	59,259	61,114
Catering and other costs	-	-	3,191	-	-	-	2,500	5,691	54,069	-	-	54,069	59,760
Utilities	-	-	-	-	-	-	48,553	48,553	8,509	-	-	8,509	57,062
Tent and other rentals	-	-	-	-	-	-	-	-	48,775	-	-	48,775	48,775
Cost of sales	-	-	-	-	-	-	-	-	37,438	-	-	37,438	37,438
Insurance	-	-	-	-	-	-	34,869	34,869	-	-	-	-	34,869
Travel, meals and entertainment	-	1,050	11,196	-	-	-	2,328	14,574	16,638	-	-	16,638	31,212
Legal and professional	-	3,300	-	-	-	-	23,547	26,847	1,636	-	-	1,636	28,483
Postage, shipping, mailhouse	-	20	2,743	-	-	-	10,761	13,524	10,370	29	-	10,399	23,923
Security	-	-	-	-	-	-	3,073	3,073	15,602	-	-	15,602	18,675
Supplies	570	166	5,690	515	-	-	3,678	10,619	7,516	5	-	7,521	18,140
Payroll taxes	-	-	3,236	-	-	-	10,118	13,354	3,236	-	-	3,236	16,590
Parking/shuttle	-	-	-	-	-	-	282	282	15,965	-	-	15,965	16,247
Other	150	-	2,523	-	-	-	7,748	10,421	3,292	-	16,244	19,536	29,957
Furnishings/equipment/fixtures	-	-	-	-	-	-	10,363	10,363	-	4,100	-	4,100	14,463
Training and conferences	-	-	7,014	-	-	-	1,413	8,427	100	-	-	100	8,527
Pension plan contributions	-	-	1,936	-	-	-	3,871	5,807	1,936	-	-	1,936	7,743
Program costs	-	5,040	-	-	-	-	-	5,040	-	-	-	-	5,040
Licenses, permits, taxes & fees	-	-	-	-	-	-	760	760	2,343	-	-	2,343	3,103
Equipment leases and maintenance	-	-	2,308	-	-	-	248	2,556	-	-	-	-	2,556
	\$ 81,631	\$ 41,718	\$ 268,179	\$ 770	\$ 1,186	\$ -	\$ 569,880	\$ 963,364	\$ 769,041	\$ 38,555	\$ 16,819	\$ 824,415	\$ 1,787,779

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, 2004

	Program Services										Supporting Services				
	Hamilton		Mildred B.				Total		Total			Total			
	Christmas Fund	JLN Trust	Community Outreach	Pennington Fund	Anasley Fund	Internal Support	Program Services	Fundraising ShowHouse	Fundraising AGFS	Fundraising Capital	FULN	Supporting Services	Total Expenses		
In-kind expenses	\$ -	\$ 27	\$ -	\$ -	\$ -	\$ 4,252	\$ 4,279	\$ 374,741	\$ 1,322	\$ -	\$ -	\$ 376,063	\$ 380,342		
Program costs	7,582	8,673	4,268	1,140	-	3,826	25,489	169,593	6,831	-	-	176,424	201,913		
Community grants, sponsorships, and assistance	-	-	149,177	-	-	-	149,177	-	-	-	-	-	149,177		
Salaries, temporary services	-	-	33,402	-	-	66,802	100,204	33,402	-	-	-	33,402	133,606		
Depreciation	-	-	-	-	-	102,277	102,277	6,528	-	-	-	6,528	108,805		
Printing and publications	-	265	17,851	-	-	43,215	61,331	38,751	2,152	76	-	40,979	102,310		
Interest/investment/banking expense	-	39,359	-	-	-	7,545	46,904	-	-	37,586	2,844	40,430	87,334		
Equipment leases and maintenance	-	-	3,166	-	-	42,272	45,438	38,644	-	458	-	39,102	84,540		
Tent and other rentals	250	-	5,471	-	-	-	5,721	52,349	17,683	-	-	70,032	75,753		
Association and community dues	-	-	-	-	-	73,745	73,745	-	-	-	-	-	73,745		
Other	-	-	377	-	-	45,529	45,906	6,947	-	-	2,879	9,826	55,732		
Catering and other costs	-	-	2,107	-	-	3,765	5,872	27,710	14,484	-	-	42,194	48,066		
Utilities	-	-	11,008	-	-	20,816	31,824	10,927	-	-	-	10,927	42,751		
Cost of sales	-	-	-	-	-	-	-	2,200	-	-	39,473	41,673	41,673		
Postage, shipping, mailhouse	72	146	4,863	-	-	14,548	19,629	7,242	3,642	86	-	10,970	30,599		
Insurance	-	-	-	-	-	28,689	28,689	-	-	-	-	-	28,689		
Legal and professional	-	2,856	60	-	-	14,141	17,057	3,460	100	6,444	-	10,004	27,061		
Telephone	-	-	4	-	-	25,391	25,395	1,387	-	-	-	1,387	26,782		
Supplies	1,664	358	6,155	-	-	7,408	15,585	2,552	5,481	60	-	8,093	23,678		
Licenses, permits, taxes & fees	-	9	-	-	-	8,389	8,398	4,180	444	4,008	-	8,632	17,030		
Security	-	-	-	-	-	2,185	2,185	14,139	282	-	-	14,421	16,606		
Advertising and promotions	-	155	67	-	-	1,409	1,631	10,850	2,465	-	-	13,315	14,946		
Accounting fees	-	-	-	-	-	10,070	10,070	2,500	-	-	-	2,500	12,570		
Training and conferences	-	-	7,354	-	-	2,833	10,187	-	-	-	-	-	10,187		
Payroll taxes	-	-	2,376	-	-	4,752	7,128	2,376	-	-	-	2,376	9,504		
Pension plan contributions	-	-	1,501	-	-	3,002	4,503	1,501	-	-	-	1,501	6,004		
Building repairs and maintenance	-	-	-	-	-	4,022	4,022	-	-	-	-	-	4,022		
Travel	-	-	-	-	-	2,787	2,787	1,090	-	-	-	1,090	3,877		
Parking/shuttle	-	-	300	-	-	-	300	-	-	-	-	-	300		
Furnishings/equipment/fixtures	-	-	-	-	1,811	(34,568)	(32,757)	-	-	8,213	-	8,213	(24,544)		
	\$ 9,568	\$ 51,848	\$ 249,507	\$ 1,140	\$ 1,811	\$ 509,102	\$ 822,976	\$ 813,069	\$ 54,886	\$ 56,931	\$ 45,196	\$ 970,082	\$ 1,793,058		

See accompanying notes to financial statements.



**THE JUNIOR LEAGUE OF NASHVILLE, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the years ended May 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Change in net assets	\$ 431,588	\$ 1,183,186
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized and realized gains on investments	(584,362)	(1,230,054)
Depreciation	126,588	108,805
Change in operating assets and liabilities:		
Accounts receivable	22,441	22,963
Unconditional promises to give	554,950	233,278
Book inventory	29,825	33,207
Other assets	1,365	(1,365)
Accounts payable and accrued expenses	(123,269)	86,459
Vanderbilt Children's Hospital payable	(294,072)	(267,514)
Deferred membership dues	1,003	54,957
Net cash provided by operating activities	<u>166,057</u>	<u>223,922</u>
Cash flows from investing activities:		
Net sales of investments	455,916	296,451
Purchases of land, building and equipment	<u>(36,585)</u>	<u>(49,414)</u>
Net cash provided by investing activities	<u>419,331</u>	<u>247,037</u>
Cash flows from financing activities:		
Principal payments on note payable	(200,000)	(200,000)
Payments on line of credit	(549,433)	-
Decrease in note payable	<u>-</u>	<u>(85,301)</u>
Net cash used in financing activities	<u>(749,433)</u>	<u>(285,301)</u>
Net (decrease) increase in cash and cash equivalents	(164,045)	185,658
Cash and cash equivalents, beginning of year	<u>423,213</u>	<u>237,555</u>
Cash and cash equivalents, end of year	<u>\$ 259,168</u>	<u>\$ 423,213</u>
Supplemental schedule of cash flow information:		
Interest paid	<u>\$ 34,416</u>	<u>\$ 44,685</u>

See accompanying notes to financial statements.

**THE JUNIOR LEAGUE OF NASHVILLE, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**May 31, 2005 and 2004**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**General**

Established in 1922, The Junior League of Nashville, Inc. and Affiliate (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 financial statements include the accounts of the League and its affiliated supporting organization, Friends of Junior League of Nashville, Inc. All significant inter-entity transactions and balances have been eliminated in consolidation.

**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 interest of children in need of convalescent care and related medical service because of crippling disease or other impairment, and of children in need of care and treatment who are crippled or impaired by nervous or emotional problems, including, but not limited to, children suffering from learning or behavior problems. The fair market value of assets held by the trust amounted to \$8,994,181 and \$8,755,042 at May 31, 2005 and 2004, respectively, and are included in the assets of the League.

**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 statement of activities as net assets released from restrictions.

**THE JUNIOR LEAGUE OF NASHVILLE, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**May 31, 2005 and 2004**

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

**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. Also included in cash and cash equivalents for purposes of the statements of cash flows are checks issued in excess of deposits. At June 30, 2004, approximately \$237,000 of cash is designated for the repayment of the League's line of credit.

**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 statement 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 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.

**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.

**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 Organization uses the allowance method to determine uncollectible unconditional promises to give.

**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. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**May 31, 2005 and 2004**

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

**Donated Goods and Services**

The League received in-kind contributions of materials and supplies primarily related to fundraising efforts in the amounts of \$383,747 and \$380,342 for the years ended May 31, 2005 and 2004, respectively.

The League receives donated services from a variety of unpaid members and other volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 has not been satisfied. However, during 2005 and 2004, members provided in excess of 113,000 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.

**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.

**NOTE 2 – CONCENTRATIONS OF CREDIT RISK**

At various times during the fiscal year, the League's cash and cash equivalent balances exceeded the Federally insured limits.

**NOTE 3 – INVESTMENTS**

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

	<b><u>2005</u></b>	<b><u>2004</u></b>
	<b><u>Market</u></b>	<b><u>Market</u></b>
U.S. Treasury notes	\$ 848,471	\$ 1,125,528
Corporate stocks	3,532,247	4,237,803
Mutual funds:		
Stocks and bonds	5,094,833	4,447,675
Money market/cash equivalents	<u>597,304</u>	<u>133,403</u>
	<b><u>\$10,072,855</u></b>	<b><u>\$ 9,944,409</u></b>

**THE JUNIOR LEAGUE OF NASHVILLE, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**May 31, 2005 and 2004**

**NOTE 3 – INVESTMENTS (Continued)**

Investments are classified as follows:

	<u>2005</u>	<u>2004</u>
Current	\$ 300,000	\$ 300,000
Noncurrent	<u>9,772,855</u>	<u>9,644,409</u>
Total	<u>\$10,072,855</u>	<u>\$ 9,944,409</u>

During 2005 and 2004, interest and dividends earned from these investments totaled \$87,007 and \$67,195, respectively. Net appreciation on investments amounted to \$584,362 and \$1,230,054, respectively.

**NOTE 4 – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give are as follows:

	<u>2005</u>	<u>2004</u>
“Future Building” campaign/other	\$ 418,603	\$ 996,728
Less: discount to net present value	<u>(5,835)</u>	<u>(29,010)</u>
	<u>\$ 412,768</u>	<u>\$ 967,718</u>
Receivable in less than one year	\$ 318,603	\$ 597,511
Receivable in one to five years, net	<u>94,165</u>	<u>370,207</u>
	<u>\$ 412,768</u>	<u>\$ 967,718</u>

The unconditional promises to give are primarily to be used to pay for the building purchased during fiscal 2000 and renovations at the 2202 Crestmoor location. An allowance for uncollectible contributions has not been provided as management deems all contributions fully collectible. Gross contributions have been discounted to account for the time value of money using rates ranging from 6.0% to 6.8%.

**NOTE 5 – LAND, BUILDING AND EQUIPMENT**

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

	<u>2005</u>	<u>2004</u>
Land	\$ 631,000	\$ 631,000
Buildings	2,261,645	2,261,645
Equipment – headquarters	<u>554,405</u>	<u>517,820</u>
	3,447,050	3,410,465
Less accumulated depreciation	<u>(903,640)</u>	<u>(777,052)</u>
Net land, building and equipment	<u>\$ 2,543,410</u>	<u>\$ 2,633,413</u>

**THE JUNIOR LEAGUE OF NASHVILLE, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**May 31, 2005 and 2004**

**NOTE 6 – LONG-TERM DEBT**

Long-term debt is comprised of the following:

	<u>2005</u>	<u>2004</u>
Note payable to bank, interest at 4.00% per annum, secured by building, interest payable monthly through March 3, 2006, principal payments are due annually on November 15 through 2004, with final payment on March 3, 2006.	\$ 150,000	\$ 350,000
Revolving line of credit with a commercial bank. The agreement provides for interest to accrue at a variable rate of eighty basis points over the thirty day LIBOR rate (4.95% at May 31, 2005). Total borrowings available under the agreement are \$2,000,000. The note has a maturity date of March 3, 2006. The line of credit is secured by cash and investments.	<u>225,567</u>	<u>775,000</u>
	<u>\$ 375,567</u>	<u>\$ 1,125,000</u>

The following is a schedule of future principal maturities of long-term debt as of May 31, 2005:

Year ended <u>May 31,</u> 2006	<u>\$ 375,567</u>
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**NOTE 7 – GRANTS PAYABLE**

The League's board of directors and advisory board reached an agreement in April 2003 to provide Vanderbilt Children's Hospital (VCH) \$300,000 on an annual basis beginning in November 2003 and continuing through May 2007. The proceeds are to be used for the operation of a number of programs at VCH as described in the agreement. This agreement represents an unconditional promise to give and has been recorded as a liability in the League's statement of financial position. The long-term portion of the grant has been discounted at a rate of approximately 2%.

The following is a maturity schedule of payments due on grants payable at May 31, 2005:

Year ended <u>May 31,</u> 2006	\$ 300,000
2007	<u>285,158</u>
	<u>\$ 585,158</u>

**THE JUNIOR LEAGUE OF NASHVILLE, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**May 31, 2005 and 2004**

**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 statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services based on estimates by management.

**NOTE 9 – 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, 2005 are as follows:

	<u><b>Board Designated</b></u>	<u><b>Temporarily Restricted</b></u>
JLN Trust – Junior League Home for Crippled Children	\$ -	\$ 8,409,023
Operation Reserve – Care for children	-	390,774
Hamilton Fund – Gladden the Hearts of the Children at Christmas	-	26,114
“Future Building” Campaign contributions receivable, net	-	412,643
Mildred B. Ansley Fund – JLN operations	160,419	-
Pennington Fund – Esprit de Corp	36,600	-
Community Endowment Fund	<u>55,549</u>	<u>-</u>
	<u><b>\$ 252,568</b></u>	<u><b>\$ 9,238,554</b></u>

The components of donor restricted (temporarily restricted) and board of directors designated net assets as of May 31, 2004 are as follows:

	<u><b>Board Designated</b></u>	<u><b>Temporarily Restricted</b></u>
JLN Trust – Junior League Home for Crippled Children	\$ -	\$ 7,875,812
Operation Reserve – Care for children	-	357,015
Hamilton Fund – Gladden the Hearts of the Children at Christmas	-	83,984
“Future Building” Campaign contributions receivable, net	-	872,889
Mildred B. Ansley Fund – JLN operations	159,412	-
Pennington Fund – Esprit de Corp	<u>36,478</u>	<u>-</u>
	<u><b>\$ 195,890</b></u>	<u><b>\$ 9,189,700</b></u>

**THE JUNIOR LEAGUE OF NASHVILLE, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**May 31, 2005 and 2004**

**NOTE 9 – 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 Junior League Home for Crippled Children.

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

**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 in the Home at Vanderbilt Children’s Hospital.

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

**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.

**Community Endowment Fund.** This balance represents board designated endowment funds held by Friends of Junior League of Nashville, Inc.

**NOTE 10 – 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 financial statements, as the League is its sole member.



## **SUPPLEMENTAL INFORMATION**

**THE JUNIOR LEAGUE OF NASHVILLE, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**May 31, 2005**

**Assets**

	<b>Organization</b>	<b>Friends of Junior League of Nashville, Inc.</b>	<b>Eliminations</b>	<b>Consolidated</b>
Current assets:				
Cash and cash equivalents	\$ 203,619	\$ 55,549	\$ -	\$ 259,168
Accounts receivable	-			-
Advances to affiliate	-	20,876	(20,876)	-
Book inventory	42,244	-	-	42,244
Unconditional promises to give	318,603	-	-	318,603
Investments	300,000	-	-	300,000
Total current assets	<u>864,466</u>	<u>76,425</u>	<u>(20,876)</u>	<u>920,015</u>
Investments	9,772,855	-	-	9,772,855
Unconditional promises to give, net of current portion and discount	94,165	-	-	94,165
Land, building and equipment	3,447,050	-	-	3,447,050
Less: accumulated depreciation	<u>(903,640)</u>	<u>-</u>	<u>-</u>	<u>(903,640)</u>
Net land, building and equipment	<u>2,543,410</u>	<u>-</u>	<u>-</u>	<u>2,543,410</u>
Total assets	<u>\$ 13,274,896</u>	<u>\$ 76,425</u>	<u>\$ (20,876)</u>	<u>\$ 13,330,445</u>

**Liabilities and Net Assets**

Current liabilities:				
Accounts payable and accrued expenses	\$ 32,657	\$ -	\$ -	\$ 32,657
Payable to affiliated entity	20,876	-	(20,876)	-
Deferred membership dues	299,838	-	-	299,838
Grants payable	300,000	-	-	300,000
Current portion of long-term debt	<u>375,567</u>	<u>-</u>	<u>-</u>	<u>375,567</u>
Total current liabilities	<u>1,028,938</u>	<u>-</u>	<u>(20,876)</u>	<u>1,008,062</u>
Long term debt				
Grants payable, net of current portion and discount	<u>285,158</u>	<u>-</u>	<u>-</u>	<u>285,158</u>
Total liabilities	<u>1,314,096</u>	<u>-</u>	<u>(20,876)</u>	<u>1,293,220</u>
Net assets:				
Unrestricted:				
Undesignated	2,525,227	20,966	-	2,546,193
Designated	<u>197,019</u>	<u>55,459</u>	<u>-</u>	<u>252,478</u>
Total unrestricted net assets	<u>2,722,246</u>	<u>76,425</u>	<u>-</u>	<u>2,798,671</u>
Temporarily restricted	<u>9,238,554</u>	<u>-</u>	<u>-</u>	<u>9,238,554</u>
Total net assets	<u>11,960,800</u>	<u>76,425</u>	<u>-</u>	<u>12,037,225</u>
Total liabilities and net assets	<u>\$ 13,274,896</u>	<u>\$ 76,425</u>	<u>\$ (20,876)</u>	<u>\$ 13,330,445</u>

See accompanying notes to financial statements.

**THE JUNIOR LEAGUE OF NASHVILLE, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
For the year ended May 31, 2005

	<u>Organization</u>	<u>Friends of Junior League of Nashville, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b><u>Unrestricted</u></b>				
Revenue:				
Contributions and other	\$ 427,536	\$ 40,713	\$ (40,713)	\$ 427,536
Investment return, net	34,721	-	-	34,721
Membership dues and fees	308,435	-	-	308,435
Cookbook sales	30,790	37	-	30,827
Fundraising income (including in-kind of \$383,746)	775,668	-	-	775,668
Satisfaction of program restrictions	563,638	29,688	-	593,326
Total revenue	2,140,788	70,438	(40,713)	2,170,513
Expenses:				
Program services	1,004,077	-	(40,713)	963,364
Supporting services (including in-kind of \$383,746)	807,596	16,819	-	824,415
Total expenses	1,811,673	16,819	(40,713)	1,787,779
Change in unrestricted net assets	329,115	53,619	-	382,734
Unrestricted net assets, beginning of year	2,393,131	22,806	-	2,415,937
Unrestricted net assets, end of year	<u>\$ 2,722,246</u>	<u>\$ 76,425</u>	<u>\$ -</u>	<u>\$ 2,798,671</u>
<b><u>Temporarily Restricted</u></b>				
Revenue:				
Contributions and other	\$ 5,532	\$ -	\$ -	\$ 5,532
Investment return, net	636,648	-	-	636,648
Satisfaction of program restrictions	(563,638)	(29,688)	-	(593,326)
Total revenue	78,542	(29,688)	-	48,854
Change in temporarily restricted net assets	78,542	(29,688)	-	48,854
Temporarily restricted net assets, beginning of year	9,160,012	29,688	-	9,189,700
Temporarily restricted net assets, end of year	<u>\$ 9,238,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,238,554</u>

See accompanying notes to financial statements.