

**JEWISH FEDERATION OF NASHVILLE  
AND MIDDLE TENNESSEE**

**FINANCIAL STATEMENTS**

*As of and for the Years Ended June 30, 2021 and 2020*

*And Report of Independent Auditor*

**JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE**  
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## Report of Independent Auditor

To the Board of Directors  
Jewish Federation of Nashville and Middle Tennessee  
Nashville, Tennessee

We have audited the accompanying financial statements of Jewish Federation of Nashville and Middle Tennessee (the "Federation") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Federation of Nashville and Middle Tennessee as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Nashville, Tennessee  
December 6, 2021

# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 851,742	\$ 683,505
Investments	39,868,266	33,497,975
Pledges receivable, less allowance for uncollectible pledges of \$91,991	793,147	847,290
Other receivables	34,122	41,264
Furniture and equipment, net of accumulated depreciation of \$117,005 and \$78,602 respectively	77,275	104,752
<b>Total Assets</b>	<b>\$ 41,624,552</b>	<b>\$ 35,174,786</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 304,870	\$ 101,131
Allocations payable	174,836	187,550
Deferred revenue	-	212,653
Funds held for others	7,380,629	5,699,729
<b>Total Liabilities</b>	<b>7,860,335</b>	<b>6,201,063</b>
Net Assets:		
Without Donor Restrictions:		
Designated by governing board for endowment program	22,607,040	19,447,601
Undesignated	73,354	407,989
Board designated	490,877	541,356
<b>Total Without Donor Restrictions</b>	<b>23,171,271</b>	<b>20,396,946</b>
With Donor Restrictions	10,592,946	8,576,777
<b>Total Net Assets</b>	<b>33,764,217</b>	<b>28,973,723</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 41,624,552</b>	<b>\$ 35,174,786</b>

**JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE**  
**STATEMENT OF ACTIVITIES**

*YEAR ENDED JUNE 30, 2021*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and Revenue:			
Public support received directly	\$ 483,089	\$ 1,915,131	\$ 2,398,220
Investment income, net	5,023,176	1,746,171	6,769,347
Observer publication	142,343	-	142,343
Other	435,518	-	435,518
Net Assets Released from Restrictions:			
Annual campaign	1,323,128	(1,323,128)	-
Other	322,005	(322,005)	-
Total Support and Revenue	<u>7,729,259</u>	<u>2,016,169</u>	<u>9,745,428</u>
Expenses:			
Program services	3,959,076	-	3,959,076
Supporting Services:			
Fundraising	430,858	-	430,858
Management and general	565,000	-	565,000
Total Expenses	<u>4,954,934</u>	<u>-</u>	<u>4,954,934</u>
Change in net assets	2,774,325	2,016,169	4,790,494
Net assets, beginning of year	20,396,946	8,576,777	28,973,723
Net assets, end of year	<u>\$ 23,171,271</u>	<u>\$ 10,592,946</u>	<u>\$ 33,764,217</u>

**JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE**  
**STATEMENT OF ACTIVITIES**

*YEAR ENDED JUNE 30, 2020*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and Revenue:			
Public support received directly	\$ 1,152,650	\$ 1,364,860	\$ 2,517,510
Investment income, net	290,380	21,256	311,636
Observer publication	187,375	-	187,375
Other	97,048	-	97,048
Net Assets Released from Restrictions:			
Annual campaign	1,787,554	(1,787,554)	-
Other	305,327	(305,327)	-
Total Support and Revenue	<u>3,820,334</u>	<u>(706,765)</u>	<u>3,113,569</u>
Expenses:			
Program services	3,490,823	-	3,490,823
Supporting Services:			
Fundraising	618,732	-	618,732
Management and general	513,155	-	513,155
Total Expenses	<u>4,622,710</u>	<u>-</u>	<u>4,622,710</u>
Change in net assets	(802,376)	(706,765)	(1,509,141)
Net assets, beginning of year	<u>21,199,322</u>	<u>9,283,542</u>	<u>30,482,864</u>
Net assets, end of year	<u>\$ 20,396,946</u>	<u>\$ 8,576,777</u>	<u>\$ 28,973,723</u>

The accompanying notes to the financial statements are an integral part of these statements.

**JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**

*YEAR ENDED JUNE 30, 2021*

	<b>Program Services</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>Total</b>
Salaries	\$ 461,873	\$ 271,102	\$ 332,577	\$ 1,065,552
Payroll taxes	31,363	18,409	22,584	72,356
Employee insurance	27,144	15,933	19,546	62,623
Retirement plan expense	16,979	9,966	12,227	39,172
Employee benefits	2,247	1,319	1,618	5,184
Total Salaries and Employee Benefits	539,606	316,729	388,552	1,244,887
Grants	3,266,968	-	-	3,266,968
Other operations	22,317	20,600	48,118	91,035
Printing and publications	21,344	21,280	21,280	63,904
Observer publication	59,526	-	-	59,526
Campaign programs	-	47,839	-	47,839
Depreciation	-	-	38,403	38,403
Equipment contract	9,504	9,475	9,475	28,454
Legal and accounting fees	-	-	26,289	26,289
Postage	17,143	1,995	3,117	22,255
Staff development	4,909	7,994	3,329	16,232
Contract services	12,633	-	-	12,633
Insurance	-	-	10,507	10,507
Credit card fees	-	-	7,031	7,031
Telephone	1,633	1,628	1,628	4,889
Storage and back-up	-	-	4,106	4,106
Memberships and subscriptions	2,968	218	564	3,750
Supplies	321	752	2,161	3,234
Life and legacy	-	2,160	-	2,160
Conferences, meetings, and travel	204	188	440	832
Total Expenses	<u>\$ 3,959,076</u>	<u>\$ 430,858</u>	<u>\$ 565,000</u>	<u>\$ 4,954,934</u>

**JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**

*YEAR ENDED JUNE 30, 2020*

	<b>Program Services</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>Total</b>
Salaries	\$ 370,805	\$ 400,447	\$ 308,915	\$ 1,080,167
Payroll taxes	25,608	27,655	21,335	74,598
Employee insurance	22,087	23,852	18,400	64,339
Retirement plan expense	11,969	12,925	9,971	34,865
Employee benefits	2,584	2,791	2,154	7,529
Total Salaries and Employee Benefits	433,053	467,670	360,775	1,261,498
Grants	2,830,782	-	-	2,830,782
Observer publication	128,385	-	-	128,385
Campaign programs	-	87,669	-	87,669
Other operations	16,009	14,778	34,519	65,306
Equipment contract	17,495	17,443	17,443	52,381
Contract services	32,879	-	-	32,879
Depreciation	-	-	30,414	30,414
Legal and accounting fees	-	-	24,723	24,723
Postage	17,854	2,078	3,246	23,178
Conferences, meetings, and travel	4,376	4,039	9,435	17,850
Life and legacy	-	15,023	-	15,023
Printing and publications	3,580	3,569	3,569	10,718
Insurance	-	-	8,283	8,283
Staff development	2,479	4,036	1,681	8,196
Credit card fees	-	-	7,374	7,374
Supplies	664	1,554	4,463	6,681
Storage and back-up	-	-	6,057	6,057
Memberships and subscriptions	2,583	190	490	3,263
Telephone	684	683	683	2,050
Total Expenses	<u>\$ 3,490,823</u>	<u>\$ 618,732</u>	<u>\$ 513,155</u>	<u>\$ 4,622,710</u>

The accompanying notes to the financial statements are an integral part of these statements.



# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 4,790,494	\$ (1,509,141)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	38,403	30,414
Net (gain) loss on investments	(6,898,446)	1,525,127
Changes in operating assets and liabilities:		
Pledges receivable	54,143	(69,565)
Other receivables	7,142	(9,887)
Prepaid expenses	-	650
Accounts payable and accrued expenses	203,739	54,776
Deferred revenue	(212,653)	212,653
Allocations payable	(12,714)	(80,835)
Funds held for others	1,680,900	(235,920)
Net cash flows from operating activities	<u>(348,992)</u>	<u>(81,728)</u>
<b>Cash flows from investing activities:</b>		
Purchases of furniture and equipment	(10,926)	(109,876)
Purchases of investments	(11,167,181)	(13,147,851)
Proceeds from sale or redemption of investments	11,695,336	13,293,513
Net cash flows from investing activities	<u>517,229</u>	<u>35,786</u>
Change in cash and cash equivalents	168,237	(45,942)
Cash and cash equivalents, beginning of year	683,505	729,447
Cash and cash equivalents, end of year	<u>\$ 851,742</u>	<u>\$ 683,505</u>

The accompanying notes to the financial statements are an integral part of these statements.

# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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### **Note 1—Nature of operations**

Jewish Federation of Nashville and Middle Tennessee (the “Federation”) is a Tennessee not-for-profit corporation. Its purposes are to develop and strengthen Jewish community life, to carry on and support such activities as are in the community interest, to provide a common ground for the discussion of all matters pertaining to the general welfare of the Jewish community and for action thereupon where indicated, and to administer and staff a unified Jewish community fundraising campaign and allocation process to support a wide variety of local, national, and international needs.

### **Note 2—Summary of significant accounting policies**

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

*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 Federation and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations. All contributions are considered available for general use unless specifically restricted by the donor. The Federation’s Board of Directors may designate net assets without donor restrictions for various purposes (Note 9).

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Federation and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as increases to net assets without donor restrictions.

*Cash Equivalents* – The Federation considers all highly-liquid investments with original maturities of three months or less to be cash equivalents.

*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 of approximately \$169,000 and \$168,000 for the years ended June 30, 2021 and 2020, respectively. Investment income is reported in the period earned as an increase in net assets without donor restrictions 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 net assets without donor restrictions 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 net assets with donor restrictions depending on the nature of the restrictions.

*Furniture and Equipment* – Furniture and equipment are stated at cost. Donated assets are recorded at their estimated market value at the date of the gift. Depreciation and amortization are provided over the assets’ estimated useful lives using the straight-line method.

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. When furniture and equipment 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.

# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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### **Note 2—Summary of significant accounting policies (continued)**

*Income Taxes* – The Federation is a not-for-profit corporation that has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income taxes is included in the accompanying financial statements.

*Support and Revenue* – Fundraising campaigns are conducted each fall through the following spring to fund allocations for the subsequent year beginning July 1. Annual campaign pledges (unconditional promises to give) are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Contributions receivable in future periods are recorded at their estimated net realizable value. The majority of the promises to give to the annual campaign are received from Nashville and Middle Tennessee contributors. Pledges receivable are reported net of a provision for uncollectible pledges, which is estimated based on past experience with collections and management's evaluation of current outstanding pledges.

Contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

*Allocations and Grants* – Allocations and grants (unconditional promises to give to others) are recorded when authorized by the Board of Directors.

*Functional Allocation of Expenses* – The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services based on estimated time and effort.

*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.

*Subsequent Events* – The Federation evaluated subsequent events through December 6, 2021, when these financial statements were available to be issued.

*Recently Adopted Accounting Pronouncement* – In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU 2014-09"), *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in *Revenue Recognition (Topic 605)*, and requires entities to recognize revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Subsequent to ASU 2014-09, FASB issued several related ASUs (collectively, "ASC 606"). As allowed by ASC 606, the Federation adopted the provisions of ASU 2014-09 and the related ASUs as of July 1, 2020 using a modified retrospective approach, which resulted in no cumulative effect adjustment. There was no change in the timing and amount of revenue recognition as a result of the adopting of these ASUs.

# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

### Note 3—Liquidity and availability of resources

The Federation regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Federation considers all expenditures related to its ongoing activities of providing programs and services to develop and strengthen Jewish community life as well as conduct of services undertaken to support those activities to be general expenditures.

As a part of the Federation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	\$ 851,742	\$ 683,505
Pledges receivable, net	793,147	847,290
Other receivables	34,122	41,264
Investments	39,868,266	33,497,975
Total financial assets	41,547,277	35,070,034
Less amounts not available to be used for general expenditures within one year:		
Purpose and time restrictions	10,592,946	8,576,777
Board designations	23,097,917	19,988,957
Funds held for others	7,380,629	5,699,729
Financial assets not available to be used within one year	41,071,492	34,265,463
Financial assets available to meet general expenditures within one year	\$ 475,785	804,571

### Note 4—Credit risk and other concentrations

Accounts at banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Federation generally maintains accounts at banks in excess of insured amounts. The Federation has not experienced any losses in such accounts and management believes the Federation is not exposed to any significant credit risk related to these accounts. Uninsured balances were approximately \$500,000 and \$465,000 as of June 30, 2021 and 2020, respectively.

The Federation 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.

# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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### Note 5—Pledges receivable

The Federation has included unconditional promises to give in pledges receivable, less an allowance for uncollectible pledges. All pledges are scheduled to be received within one year.

### Note 6—Investments

The Federation has adopted the provisions of the *Fair Value Measurement* topic of FASB Accounting Standards Codification (“ASC”) for its investments. This guidance establishes a framework for measuring fair value for financial assets and financial liabilities. That 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 (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Federation 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; and
- Inputs that are derived principally from or corroborated by the 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. There have been no changes in the methodologies used during the years ended June 30, 2021 and 2020.

The following are descriptions of the valuation methodologies used for asset measurement at fair value.

- *Fixed Income Securities, Money Market, and Mutual Funds* – Valued at the net asset value of shares held by the Federation at year-end.
- *Israel and Fixed Income Bonds* – Valued using observable inputs including benchmark yields, reported trades, broker/dealer quotes, or alternative pricing sources with reasonable levels of price transparency.
- *Alternative Investment Funds* – Valued by applicable fund administrator based on reported values of underlying funds.

# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

### Note 6—Investments (continued)

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 Federation'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 the Federation's major categories of investments measured at fair value on a recurring basis, by level within the fair value hierarchy, as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 77,571	\$ -	\$ -	\$ 77,571
Mutual funds:				
Fixed income	11,424,319	-	-	11,424,319
Domestic equity	10,817,362	-	-	10,817,362
International equity	7,862,422	-	-	7,862,422
Israel and fixed income bonds	495,782	734,911	-	1,230,693
Alternative investment funds	-	-	8,455,899	8,455,899
Total	<u>\$ 30,677,456</u>	<u>\$ 734,911</u>	<u>\$ 8,455,899</u>	<u>\$ 39,868,266</u>

The following table sets forth the Federation's major categories of investments measured at fair value on a recurring basis, by level within the fair value hierarchy, as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 61,840	\$ -	\$ -	\$ 61,840
Mutual funds:				
Fixed income	9,816,597	-	-	9,816,597
Domestic equity	8,517,369	-	-	8,517,369
International equity	6,751,762	-	-	6,751,762
Israel and fixed income bonds	495,879	734,952	-	1,230,831
Alternative investment funds	-	-	7,119,576	7,119,576
Total	<u>\$ 25,643,447</u>	<u>\$ 734,952</u>	<u>\$ 7,119,576</u>	<u>\$ 33,497,975</u>

The following table sets forth a summary of changes in the fair value of the Federation's Level 3 alternative investment funds for the year ended June 30, 2021:

Balance, June 30, 2020	\$ 7,119,576
Sales	(498,778)
Purchases	185,279
Realized gain	266,142
Unrealized gain	1,383,680
Balance, June 30, 2021	<u>\$ 8,455,899</u>

# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

### Note 6—Investments (continued)

The following table sets forth a summary of changes in the fair value of the Federation's Level 3 alternative investment funds for the year ended June 30, 2020:

Balance, June 30, 2019	\$ 7,458,967
Sales	-
Purchases	192,182
Unrealized loss	(531,573)
Balance, June 30, 2020	<u>\$ 7,119,576</u>

### Note 7—Funds held for others

The funds held for the Gordon Jewish Community Center ("GJCC"), Akiva School, and Vanderbilt Hillel, Inc. are agency funds that earn investment income and losses through the pooled fund instruments. Unlike regular philanthropic funds, the Federation does not own them, but rather they are the property of the GJCC, Akiva School, and Vanderbilt Hillel, Inc. The Federation only administers the changes in these funds. Funds held for others were as follows at June 30:

	<u>2021</u>	<u>2020</u>
Vanderbilt Hillel, Inc.	\$ 4,759,854	\$ 3,946,970
Gordon Jewish Community Center	681,199	550,266
Akiva School	1,299,778	660,925
Jewish Family Service	32,678	26,434
Congregation Sherith Israel Cemetery Fund	607,120	515,134
Total funds held for others	<u>\$ 7,380,629</u>	<u>\$ 5,699,729</u>

### Note 8—Net assets with donor restrictions

Total net assets with donor restrictions are available for the following purposes at June 30:

	<u>2021</u>	<u>2020</u>
Contributions received to fund the following year's allocations	\$ 1,803,483	\$ 1,323,128
Earl Kirshner Loan Fund	20,873	20,873
Gesher/Bridge Fund	34,493	34,493
Various other funds established by donors for the foundation program with contributions restricted for specific fields of interest	8,734,097	7,198,283
Total net assets with donor restrictions	<u>\$ 10,592,946</u>	<u>\$ 8,576,777</u>

# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

### Note 9—Board designated net assets

Board designated net assets are comprised of following at June 30:

	2021	2020
Endowment program	\$ 22,607,040	\$ 19,447,601
Technology	82,205	133,138
New Initiatives	103,038	103,038
Jewish Sleep Away Camp Scholarships	4,221	4,471
Mission Fund	40,389	40,389
President and Executive Fund	46,497	16,620
Board Discretionary Fund	137,252	123,300
Security	-	15,648
Net investment in furniture and equipment	77,275	104,752
Total board designated net assets	<u>\$ 23,097,917</u>	<u>\$ 19,988,957</u>

### Note 10—Endowments

The Federation's endowments were created to further the charitable purposes established by the Federation and include funds designated by the Board of Directors to function as endowments. Contributions received for the various funds are invested in money market funds, mutual funds, Israel and fixed income bonds, and alternative investment funds in accordance with the investment policy statement maintained by the Federation, which states that the primary purpose of the investment activities is to provide a regular and reliable source of income to meet the needs and services of the Federation. In order to provide the means by which to support the policy objectives, the Federation will continue to maintain a diversified portfolio of investments intended to achieve a long-term return on assets that is approximately 6% greater than the rate of inflation as measured by the Consumer Price Index. Distributions from the endowments are made as determined by the Board of Directors to satisfy program objectives described in Note 1.

Endowment net asset composition by type of fund at June 30, 2021:

Unrestricted:	
Board-designated endowments	<u>\$ 22,607,040</u>

Changes in endowment net assets for the year ended June 30, 2021:

Balance, June 30, 2020	\$ 19,447,601
Support, revenue, and transfers	4,888,665
Allocations, grants, expenses, and transfers	<u>(1,729,226)</u>
Balance, June 30, 2021	<u>\$ 22,607,040</u>



# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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### Note 10—Endowments (continued)

Endowment net asset composition by type of fund at June 30, 2020:

Unrestricted:	
Board-designated endowments	<u>\$ 19,447,601</u>

Changes in endowment net assets for the year ended June 30, 2020:

Balance, June 30, 2019	\$ 20,398,552
Support, revenue, and transfers	795,544
Allocations, grants, expenses, and transfers	<u>(1,746,495)</u>
Balance, June 30, 2020	<u>\$ 19,447,601</u>

### sbaNote 11—Vanderbilt Hillel Endowed Funds

Approximately \$2,900,000 of donor-restricted funds were transferred to the Federation's investment accounts from Vanderbilt University (the "University") during the year ended June 30, 2016 as a charitable endowment ("Endowed Funds") for the perpetual benefit and support of Vanderbilt Hillel, Inc.'s activities that enhance Jewish life at the University. The Federation has agreed to hold, manage, invest, and reinvest the Endowed Funds. If Vanderbilt Hillel, Inc. ever ceases to exist, the Endowed Funds balance will be transferred to the University's endowment. Also under the agreement, the Federation has agreed to distribute 5% of the fair market value of the Endowed Funds based on a trailing 12-month rolling market average. All such funds held for the benefit of Vanderbilt Hillel, Inc. are reported as funds held for others in the accompanying statements of financial position.

### Note 12—Retirement plan

The Federation sponsors a retirement plan covering substantially all employees. Participants must contribute a minimum of 1% of their compensation and may contribute up to a maximum of 20% each year. The Federation makes matching contributions up to 5% of compensation for employees who have at least one year of service. The Federation made contributions of \$39,172 and \$34,865 to the plan during the years ended June 30, 2021 and 2020, respectively. Additionally, the Federation has established a deferred compensation plan for the benefit of one employee in which this employee receives contributions in amounts as determined by the Board of Directors.

### Note 13—Donated services and facilities

The value of services donated by individuals in annual fundraising campaigns is not reflected in the financial statements because of the lack of an objective basis by which to measure such value. In addition, the Federation does not recognize the value (approximately \$70,000 annually) of the use of facilities furnished by the GJCC. In management's opinion, such reporting does not materially affect the financial statements.

# **JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE**

## **NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2021 AND 2020*

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### **Note 14—Related party transactions**

The Federation has outstanding pledges from board members and employees amounting to approximately \$81,000 and \$114,000 for the years ended June 30, 2021 and 2020, respectively.

### **Note 15—Deferred revenue**

During the year ended June 30, 2020, the Federation received a Paycheck Protection Program (“PPP”) loan in the amount of \$212,653, which was established under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) and administered by the Small Business Administration (“SBA”). The application for the PPP loan requires the Federation to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of the Federation. This certification further requires the Federation to take into account current business activity and the ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the business. The receipt of the funds from the PPP loan and the forgiveness of the PPP loan is dependent on the Federation having initially qualified for the PPP loan and qualifying for the forgiveness of such PPP loan based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loan. As of June 30, 2020, the Federation recorded such amounts as deferred revenue as the conditions for forgiveness had not yet been met at that time. The Federation applied for forgiveness with the SBA and the SBA forgave the PPP loan in full on November 2, 2020. As a result, the Federation recognized \$212,653 as other revenue on the statement of activities for the year ended June 30, 2021.

### **Note 16—Uncertainty**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant volatility in the financial markets. The coronavirus outbreak and government responses are creating disruptions to global supply chains and adversely impacting many industries. The outbreak could have a material, adverse impact on the economic and market conditions and trigger a period of global economic shutdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material, adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Federation, its performance, and its financial results.