

**JEWISH FAMILY SERVICE OF NASHVILLE  
AND MIDDLE TENNESSEE, INC.**

**FINANCIAL STATEMENTS**

**August 31, 2011 and 2010**

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**

**Table of Contents**

Independent Auditor’s Report..... 2

Financial Statements:

    Statements of Financial Position ..... 3

    Statements of Activities ..... 4 – 5

    Statements of Cash Flows..... 6

    Statements of Functional Expenses ..... 7 – 8

Notes to the Financial Statements..... 9 – 19



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Jewish Family Service of Nashville and Middle Tennessee, Inc.  
Nashville, Tennessee

We have audited the accompanying statements of financial position of Jewish Family Service of Nashville and Middle Tennessee, Inc. (a nonprofit organization) as of August 31, 2011 and 2010 and the related statements of activities, cash flows and functional expenses 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 financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family Service of Nashville and Middle Tennessee, Inc. as of August 31, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Frasier, Dean & Howard, PLLC*

January 4, 2012

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**August 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Cash	\$ 20,386	\$ 53,089
Receivables from Jewish Federation	28,496	-
Receivables from community organizations	2,378	1,513
Accounts receivable, less allowance for doubtful accounts of \$110 in 2011 and 2010	8,097	7,676
Other receivables	1,095	1,291
Prepaid expenses	2,560	3,031
Investments	172,270	139,246
Property and equipment, net	5,145	2,000
Beneficial interests in trusts controlled by others	52,048	47,878
	<u>\$ 292,475</u>	<u>\$ 255,724</u>
<b>Total assets</b>		
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 20,070	\$ 8,748
	<u>20,070</u>	<u>8,748</u>
<b>Total liabilities</b>		
Net assets:		
Unrestricted	209,390	174,078
Temporarily restricted	11,361	25,120
Permanently restricted	51,654	47,778
	<u>272,405</u>	<u>246,976</u>
<b>Total net assets</b>		
	<u>\$ 292,475</u>	<u>\$ 255,724</u>
<b>Total liabilities and net assets</b>		

See accompanying notes to financial statements.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended August 31, 2011**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Support and revenue:				
Jewish Federation program funding	\$ 124,980	\$ -	\$ -	\$ 124,980
Fundraisers, net of expenses of \$14,618	109,606	-	-	109,606
Fees, net	48,063	-	-	48,063
Other grants	41,904	-	-	41,904
Use of donated facilities	18,480	-	-	18,480
Public support received directly	16,654	1,053	-	17,707
Auto donation	5,995	-	-	5,995
United Way	5,890	-	-	5,890
Investment income	4,234	-	-	4,234
Jewish Federation reimbursements	1,150	-	-	1,150
Memorial fund earnings	499	-	-	499
Net assets released from restrictions	14,812	(14,812)	-	-
<b>Total support and revenue</b>	<b>392,267</b>	<b>(13,759)</b>	<b>-</b>	<b>378,508</b>
Expenses:				
Program services:				
Adoption and counseling	173,841	-	-	173,841
Financial aid/Kosher food box	65,534	-	-	65,534
Senior services	34,013	-	-	34,013
Family and community education	21,147	-	-	21,147
<b>Total program services</b>	<b>294,535</b>	<b>-</b>	<b>-</b>	<b>294,535</b>
Management and general	66,504	-	-	66,504
<b>Total expenses</b>	<b>361,039</b>	<b>-</b>	<b>-</b>	<b>361,039</b>
Change in net assets from operations	31,228	(13,759)	-	17,469
Net gain on investments	4,084	-	3,876	7,960
Change in net assets	35,312	(13,759)	3,876	25,429
Net assets, beginning of year	174,078	25,120	47,778	246,976
Net assets, end of year	<u>\$ 209,390</u>	<u>\$ 11,361</u>	<u>\$ 51,654</u>	<u>\$ 272,405</u>

See accompanying notes to financial statements.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended August 31, 2010**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Support and revenue:				
Jewish Federation allocation	\$ 146,607	\$ -	\$ -	\$ 146,607
Fundraisers, net of expenses of \$14,570	71,440	-	-	71,440
Public support received directly	33,349	24,746	-	58,095
Fees, net	48,561	-	-	48,561
Other grants	35,900	-	-	35,900
Use of donated facilities	18,480	-	-	18,480
Jewish Federation reimbursements	13,419	-	-	13,419
United Way	9,385	-	-	9,385
Investment income	2,849	-	-	2,849
Auto donation	381	-	-	381
Net assets released from restrictions	4,858	(4,858)	-	-
<b>Total support and revenue</b>	<b>385,229</b>	<b>19,888</b>	<b>-</b>	<b>405,117</b>
Expenses:				
Program services:				
Adoption and counseling	161,192	-	-	161,192
Financial aid/Kosher food box	69,298	-	-	69,298
Senior services	31,705	-	-	31,705
Family and community education	12,754	-	-	12,754
<b>Total program services</b>	<b>274,949</b>	<b>-</b>	<b>-</b>	<b>274,949</b>
Management and general	56,771	-	-	56,771
<b>Total expenses</b>	<b>331,720</b>	<b>-</b>	<b>-</b>	<b>331,720</b>
Change in net assets from operations	53,509	19,888	-	73,397
Net gain on investments	3,743	-	2,889	6,632
Change in net assets	57,252	19,888	2,889	80,029
Net assets, beginning of year	116,826	5,232	44,889	166,947
Net assets, end of year	<u>\$ 174,078</u>	<u>\$ 25,120</u>	<u>\$ 47,778</u>	<u>\$ 246,976</u>

See accompanying notes to financial statements.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended August 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 25,429	\$ 80,029
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,078	729
Net realized and unrealized gain on investments	(3,790)	(3,643)
Change in beneficial interests in trusts controlled by others	(4,170)	(2,989)
Changes in operating assets and liabilities:		
Receivables from Jewish Federation	(28,496)	2,530
Receivables from community organizations	(865)	1,144
Accounts receivable	(421)	(1,270)
Pledges receivable	-	2,300
Other receivables	196	49
Prepaid expenses	471	49
Accounts payable	11,322	(586)
Net cash provided by operating activities	<u>754</u>	<u>78,342</u>
Cash flows from investing activities:		
Purchases of property and equipment	(4,223)	-
Purchases of investments	(29,234)	(56,115)
Proceeds from sale of investments	-	15,000
Net cash used in investing activities	<u>(33,457)</u>	<u>(41,115)</u>
(Decrease) increase in cash	(32,703)	37,227
Cash, beginning of year	<u>53,089</u>	<u>15,862</u>
Cash, end of year	<u><u>\$ 20,386</u></u>	<u><u>\$ 53,089</u></u>

See accompanying notes to financial statements.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended August 31, 2011**

	Program Services				Management and General	Total
	Adoption and Counseling	Financial Aid/ Kosher Food Box	Senior Services	Family and Community Education		
Salaries	\$ 127,948	\$ 27,023	\$ 17,353	\$ 11,256	\$ 47,515	\$ 231,095
Payroll taxes	9,056	1,839	1,319	813	3,427	16,454
Employee health and retirement benefits	9,952	1,042	29	579	1,828	13,430
Total payroll expenses	146,956	29,904	18,701	12,648	52,770	260,979
Rent	8,427	1,746	2,074	564	5,667	18,478
Program expenses	-	881	11,942	4,820	-	17,643
Disaster relief	-	14,441	-	-	-	14,441
Specific assistance to individuals	-	12,998	-	-	-	12,998
Professional fees	3,580	757	1,057	145	1,582	7,121
Supplies	2,937	1,080	83	799	1,273	6,172
Insurance	2,396	1,416	84	301	1,083	5,280
Marketing and public relations	1,526	1,113	10	1,645	798	5,092
Conferences, conventions, and meetings	1,585	213	8	32	463	2,301
Telephone	2,461	248	12	78	941	3,740
Dues and subscriptions	1,433	282	22	49	599	2,385
Travel	1,224	148	13	20	64	1,469
Postage and delivery	758	255	7	43	305	1,368
Depreciation and amortization	216	-	-	-	862	1,078
Taxes, licenses, and other	342	52	-	3	97	494
Total expenses	<u>\$ 173,841</u>	<u>\$ 65,534</u>	<u>\$ 34,013</u>	<u>\$ 21,147</u>	<u>\$ 66,504</u>	<u>\$ 361,039</u>

See accompanying notes to financial statements.



**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended August 31, 2010**

	<b>Program Services</b>					<b>Management and General</b>	
	<b>Adoption and Counseling</b>	<b>Financial Aid/Kosher Food Box</b>	<b>Senior Services</b>	<b>Family and Community Education</b>	<b>Total</b>		<b>Total</b>
Salaries	\$ 115,225	\$ 33,643	\$ 18,496	\$ 7,835	\$ 175,199	\$ 40,539	\$ 215,738
Payroll taxes	8,863	1,730	1,384	534	12,511	2,985	15,496
Employee health and retirement benefits	10,733	1,037	50	652	12,472	1,597	14,069
Total payroll expenses	134,821	36,410	19,930	9,021	200,182	45,121	245,303
Specific assistance to individuals	-	25,153	-	-	25,153	-	25,153
Rent	8,051	1,745	2,198	1,186	13,180	5,300	18,480
Program expenses	-	-	8,114	-	8,114	-	8,114
Professional fees	3,497	1,120	880	216	5,713	1,503	7,216
Supplies	3,167	1,321	99	723	5,310	996	6,306
Insurance	2,111	1,761	248	1,007	5,127	935	6,062
Marketing and public relations	2,708	559	78	273	3,618	613	4,231
Telephone	2,684	354	40	94	3,172	689	3,861
Conferences, conventions, and meetings	1,418	266	20	35	1,739	286	2,025
Dues and subscriptions	781	231	7	122	1,141	301	1,442
Travel	873	171	69	33	1,146	93	1,239
Postage and delivery	675	111	12	35	833	259	1,092
Depreciation and amortization	114	-	-	-	114	615	729
Taxes, licenses, and other	292	96	10	9	407	60	467
Total expenses	<u>\$ 161,192</u>	<u>\$ 69,298</u>	<u>\$ 31,705</u>	<u>\$ 12,754</u>	<u>\$ 274,949</u>	<u>\$ 56,771</u>	<u>\$ 331,720</u>

See accompanying notes to financial statements.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2011 and 2010**

**NOTE 1 – ORGANIZATION AND PURPOSE**

Jewish Family Service of Nashville and Middle Tennessee, Inc. (“Jewish Family Service”) is a Tennessee not-for-profit corporation. Its purpose is to provide a full range of social services. These services include counseling and psychotherapy, emergency financial assistance to the Jewish community, adoption, case management, information and referral, Jewish family and community education, and other social service activities. The service area is Davidson County and Middle Tennessee.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Jewish Family Service have been prepared 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 Jewish Family Service 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 Jewish Family Service and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by Jewish Family Service.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, Jewish Family Service reports the support as unrestricted.

Interest and investment income are recorded as revenue when received. Revenue is recorded for use of the donated facilities and donated services when the use of space or service occurs.

**Cash**

For purposes of the statements of cash flows, Jewish Family Service considers cash funds and cash bank accounts to be cash.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2011 and 2010**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment**

Property and equipment are stated at acquisition cost, or estimated fair market value at the time of the gift if donated, less accumulated depreciation, as calculated by the straight-line method, over estimated useful lives of three to seven years for furniture and equipment.

**Receivables and Credit Policy**

Accounts receivable for counseling services are uncollateralized client obligations due at the time the service is provided. Late fees or interest charges are not assessed on delinquent accounts. The carrying amount of accounts receivable is reduced by a valuation allowance, if necessary, which reflects management's best estimate of the amounts that will not be collected.

Grants and pledges receivable are recorded when notice is received that a future donation will occur. No discounts are recorded on pledges receivable that are due within 12 months.

United Way receivables are recorded when notice is received that a future donation will occur. Grant revenue is recorded when expenditures are incurred that will be reimbursed by the grantor.

**Program and Supportive Services**

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

Adoption and counseling – provides adoption services and on-going individual group, family and marital counseling, including case management, using various therapeutic approaches.

Financial aid/Kosher food box – provides emergency financial assistance or a monthly food box containing Kosher food items to those in need. Recipients are interviewed by a social worker to determine eligibility.

Senior services – supports senior adults and people with disabilities in the Nashville Jewish community. Senior services is subsidized by a grant from the Jewish Federation of Nashville and Middle Tennessee ("Jewish Federation"). The Temple also provides funds necessary to support a Temple senior lunch program.

Family and community education – includes preventive group presentations and workshops to strengthen Jewish family life.

Management and general – includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program or activity. Includes costs

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2011 and 2010**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Program and Supportive Services (Continued)**

associated with providing coordination and implementation of Jewish Family Service's program strategy, business management, general recordkeeping, budgeting and related purposes.

Expenses by function are allocated among programs and supportive services based on time records and analyses by management.

**Donated Services and Facilities**

The value of services donated by individuals who assist with programs is not reflected in the financial statements because of the lack of an objective basis by which to measure such value.

Jewish Family Service occupies, without charge, certain office space located in the Gordon Jewish Community Center. The estimated fair rental value of the office space is recognized as revenue and expense in the accompanying financial statements.

**Reclassifications**

Certain reclassifications have been made to the 2010 statements to conform with the 2011 presentation.

**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.

**Restricted Endowment Funds**

The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") was enacted in Tennessee effective July 1, 2007. The Not-for-Profit topic of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of UPMIFA. It also requires that the amount of permanently restricted net assets cannot be reduced by losses on investments of funds or by an organization's expenditures from the fund unless the donor required the gift to be held in specific investments. It also requires disclosure of a description of the governing board's interpretation of the law that underlies Jewish

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2011 and 2010**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Restricted Endowment Funds (Continued)**

Family Service's net asset classification of donor-restricted endowment funds, a description of Jewish Family Service's policies for the appropriation of endowment assets for expenditures (its endowment spending policies), a description of Jewish Family Service's endowment investment policies, and additional disclosures not previously required.

**Income Taxes**

Jewish Family Service qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

Jewish Family Service has adopted FASB ASC guidance that clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statements. The Organization had no uncertain tax positions at August 31, 2011 and 2010. Tax years prior to the year ended August 30, 2008 are closed to examination.

**Subsequent Events**

Jewish Family Service evaluated subsequent events through January 4, 2012, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

**NOTE 3 –RECEIVABLES FROM JEWISH FEDERATION**

Receivables from Jewish Federation consist of the following at August 31:

	<b><u>2011</u></b>	<b><u>2010</u></b>
Jewish Federation – senior services	\$ 1,643	\$ -
Jewish Federation – financial assistance	20,247	-
Jewish Federation – seniors' directory grant	3,400	-
Jewish Federation – senior FYI	2,074	-
Jewish Federation – other	<u>1,132</u>	<u>-</u>
	<u>\$ 28,496</u>	<u>\$ -</u>

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2011 and 2010**

**NOTE 4 – FAIR VALUE MEASUREMENTS**

Jewish Family Service has adopted the fair value measurement topic of the FASB ASC, which establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1     Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2     Inputs to the valuation methodology include: 1) quoted prices for similar assets or liabilities in active markets, 2) quoted prices for identical or similar assets or liabilities in inactive markets, 3) inputs other than quoted prices that are observable for the asset or liability, and 4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3     Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The following is a description of the valuation methodologies used for asset measurement at fair value. There have been no changes in the methodologies used at August 31, 2011 and 2010.

*Money market funds and mutual funds:* Valued at the net asset value of shares held by Jewish Family Service at year end.

*Israel bonds and fixed income funds:* Valued using observable inputs including benchmark yields, reported trades, broker/dealer quotes or alternative pricing sources with reasonable levels of price transparency.

*Real estate funds:* Valued by the custodian based on the last sales price on the principal board of trade or other contracts market or by quotations from the contra party bank.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2011 and 2010**

**NOTE 4 – FAIR VALUE MEASUREMENTS (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 Jewish Family Service's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Basis of fair value measurement for investments consists of the following at August 31:

	<u>2011</u>		<u>2010</u>	
	<b>Quoted Prices in Active Markets for Identical Items (Level 1)</b>		<b>Quoted Prices in Active Markets for Identical Items (Level 1)</b>	
	<b>Fair Market Value</b>		<b>Fair Market Value</b>	
Balanced mutual funds	\$ 64,165	\$ 64,165	\$ 59,433	\$ 59,433
Stock mutual funds	10,908	10,908	9,440	9,440
Money market funds	97,197	97,197	70,373	70,373
	<u>\$ 172,270</u>	<u>\$ 172,270</u>	<u>\$ 139,246</u>	<u>\$ 139,246</u>

**NOTE 5 – INVESTMENTS**

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. The realized and unrealized gain or loss on investments is reflected in the statements of activities.

The following schedule summarizes the investment income in the statements of activities at August 31:

	<u>2011</u>	<u>2010</u>
Investment income	<u>\$ 4,234</u>	<u>\$ 2,849</u>
Unrealized gain on investments	\$ 7,960	\$ 6,179
Realized gain on investments	<u>-</u>	<u>453</u>
Net gain on investments	<u>\$ 7,960</u>	<u>\$ 6,632</u>

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2011 and 2010**

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at August 31:

	<u><b>2011</b></u>	<u><b>2010</b></u>
Furniture, equipment and software	\$ 36,822	\$ 32,599
Less accumulated depreciation and amortization	<u>(31,677)</u>	<u>(30,599)</u>
	<u><u>\$ 5,145</u></u>	<u><u>\$ 2,000</u></u>

**NOTE 7 – BENEFICIAL INTERESTS IN TRUSTS CONTROLLED BY OTHERS**

The Jewish Foundation of the Jewish Federation holds the Al Beit Memorial Fund, the Elise Steiner Fund, the Kopald Berkell Professional Education Fund, and the Jeffrey and Donna Eskind Family Fund for the benefit of Jewish Family Service. Jewish Family Service periodically receives distributions from the funds. Net realized and unrealized gains (losses) related to the beneficial interests are reported as changes in permanently restricted net assets based on explicit donor restrictions.

The following table sets forth by level, within the fair value hierarchy, the Federation's assets at fair value at August 31:

	<u><b>2011</b></u>		
	<u><b>Level 1</b></u>	<u><b>Level 2</b></u>	<u><b>Level 3</b></u>
Money market funds	\$ 42	\$ -	\$ -
Equity mutual funds	27,817	-	-
Israel bonds and fixed income funds	-	18,539	-
Real estate funds	<u>-</u>	<u>-</u>	<u>5,650</u>
	<u><u>\$ 27,859</u></u>	<u><u>\$ 18,539</u></u>	<u><u>\$ 5,650</u></u>
	<u><u>\$ 52,048</u></u>		

  

	<u><b>2010</b></u>		
	<u><b>Level 1</b></u>	<u><b>Level 2</b></u>	<u><b>Level 3</b></u>
Money market funds	\$ 608	\$ -	\$ -
Equity Funds	24,002	-	-
Israel bonds and fixed income funds	-	16,896	-
Real estate funds	<u>-</u>	<u>-</u>	<u>6,372</u>
	<u><u>\$ 24,610</u></u>	<u><u>\$ 16,896</u></u>	<u><u>\$ 6,372</u></u>
	<u><u>\$ 47,878</u></u>		



**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2011 and 2010**

**NOTE 8 – NET ASSETS**

Jewish Family Service has received contributions from donors with the stipulation that such contributions are to be used for specific purposes. Temporarily restricted net assets consist of the following at August 31:

	<u>2011</u>	<u>2010</u>
Disaster Relief	\$ -	\$ 14,401
Helping Hands Fund	10,000	10,000
Needy Family Assistance Fund	1,256	614
Wall of Remembrance Fund	<u>105</u>	<u>105</u>
	<u>\$ 11,361</u>	<u>\$ 25,120</u>

Permanently restricted net assets are required by donors to be held in perpetuity with the income from such assets expendable to support certain programs. Permanently restricted net assets consist of the following at August 31:

	<u>2011</u>	<u>2010</u>
Jeffrey and Donna Eskind Family Fund	\$ 22,455	\$ 20,814
Al Beit Memorial Fund	9,752	8,939
Elise Steiner Designated Fund	9,733	9,021
Kopald Berkell Professionals Education Fund	<u>9,714</u>	<u>9,004</u>
	<u>\$ 51,654</u>	<u>\$ 47,778</u>

Jewish Family Service's endowment consists of donor restricted gifts held in investment accounts. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The board of directors of Jewish Family Service has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Jewish Family Service classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2011 and 2010**

**NOTE 8 – NET ASSETS (Continued)**

**2011 Endowment Net Asset Composition by Type of Fund as of August 31, 2011:**

	<u><b>Unrestricted</b></u>	<u><b>Temporarily Restricted</b></u>	<u><b>Permanently Restricted</b></u>	<u><b>Total</b></u>
Donor restricted endowment funds	\$ <u>394</u>	\$ <u>-</u>	\$ <u>51,654</u>	\$ <u>52,048</u>

**Changes in Endowment Net Assets for the fiscal year ended August 31, 2011:**

Endowment net assets, beginning of year	\$ <u>100</u>	\$ <u>-</u>	\$ <u>47,778</u>	\$ <u>47,878</u>
Investment return:				
Investment income	394	-	-	394
Net appreciation (realized and unrealized)	<u>-</u>	<u>-</u>	<u>3,876</u>	<u>3,876</u>
Total investment return	<u>394</u>	<u>-</u>	<u>3,876</u>	<u>4,270</u>
Other changes:				
Appropriation of endowment assets for expenditure	<u>(100)</u>	<u>-</u>	<u>-</u>	<u>(100)</u>
Endowment net assets, end of year	\$ <u>394</u>	\$ <u>-</u>	\$ <u>51,654</u>	\$ <u>52,048</u>

**2010 Endowment Net Asset Composition by Type of Fund as of August 31, 2010:**

	<u><b>Unrestricted</b></u>	<u><b>Temporarily Restricted</b></u>	<u><b>Permanently Restricted</b></u>	<u><b>Total</b></u>
Donor restricted endowment funds	\$ <u>100</u>	\$ <u>-</u>	\$ <u>47,778</u>	\$ <u>47,878</u>

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2011 and 2010**

**NOTE 8 – NET ASSETS (Continued)**

**Changes in Endowment Net Assets for the fiscal year ended August 31, 2010:**

Endowment net assets, beginning of year	\$ <u>631</u>	\$ <u>-</u>	\$ <u>44,889</u>	\$ <u>45,520</u>
Investment return:				
Investment income	100	-	-	100
Net appreciation (realized and unrealized)	<u>-</u>	<u>-</u>	<u>2,889</u>	<u>2,889</u>
Total investment return	<u>100</u>	<u>-</u>	<u>2,889</u>	<u>2,989</u>
Other changes:				
Appropriation of endowment assets for expenditure	<u>(631)</u>	<u>-</u>	<u>-</u>	<u>(631)</u>
Endowment net assets, end of year	\$ <u>100</u>	\$ <u>-</u>	\$ <u>47,778</u>	\$ <u>47,878</u>

**NOTE 9 – RELATED PARTY TRANSACTIONS**

Jewish Family Service's office space is located in the Gordon Jewish Community Center. No rent payments are required, but the use of donated facilities is recorded at its estimated value. Donated facilities amounted to \$18,480 in 2011 and 2010.

**NOTE 10 – PENSION PLAN**

Jewish Family Service employees who meet certain participation requirements may elect to participate in a defined contribution plan. Those who elect to participate must contribute a minimum of 1% of their covered wages and may contribute up to a maximum of 20% each year. Jewish Family Service has the option of making a matching contribution. During fiscal 2011 and 2010, Jewish Family Service did not match contributions of employees who participated in the defined contribution plan.

**NOTE 11 – CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject Jewish Family Service to concentrations of credit risk consist of grants, accounts and United Way designations receivable. Accounts receivable consist of client accounts and are widely dispersed to mitigate credit risk. Grant and United Way receivables represent concentrations of credit risk to the extent that they are receivable from concentrated sources.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2011 and 2010**

**NOTE 11 – CONCENTRATIONS OF CREDIT RISK (Continued)**

Jewish Family Service 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 statements of financial position.