

VANDERBILT HILLEL, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Years Ended June 30, 2022 and 2021

And Report of Independent Auditor

VANDERBILT HILLEL, INC.
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Report of Independent Auditor

To the Board of Directors
Vanderbilt Hillel, Inc.
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of Vanderbilt Hillel, Inc. (the "Organization") (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vanderbilt Hillel, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Cherry Bekaert LLP

Nashville, Tennessee
February 9, 2023

VANDERBILT HILLEL, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 424,057	\$ 463,758
Contributions and grant receivable	27,835	6,000
Prepaid expenses	4,976	751
Investments held by the Jewish Federation of Nashville and Middle Tennessee	4,129,741	4,759,854
Furniture and equipment, net of accumulated depreciation of \$14,382 and \$11,578, respectively	8,609	7,861
Total Assets	\$ 4,595,218	\$ 5,238,224
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 56,605	\$ 48,811
Deferred grant revenue	-	77,302
Total Liabilities	56,605	126,113
Net Assets:		
Without Donor Restrictions:		
Designated endowment	1,405,789	1,609,974
Board designated	135,092	135,092
Undesignated	94,689	39,550
Total Without Donor Restrictions	1,635,570	1,784,616
With Donor Restrictions	2,903,043	3,327,495
Total Net Assets	4,538,613	5,112,111
Total Liabilities and Net Assets	\$ 4,595,218	\$ 5,238,224

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

VANDERBILT HILLEL, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Grants and other support	\$ 406,635	\$ 50,540	\$ 457,175
Net loss on investments	(123,313)	(267,896)	(391,209)
Annual campaign	234,237	-	234,237
Net assets released from restrictions	207,096	(207,096)	-
Total Support and Revenue	<u>724,655</u>	<u>(424,452)</u>	<u>300,203</u>
Expenses:			
Program services	688,368	-	688,368
Supporting Services:			
Management and general	108,002	-	108,002
Fundraising	77,331	-	77,331
Total Expenses	<u>873,701</u>	<u>-</u>	<u>873,701</u>
Change in net assets	(149,046)	(424,452)	(573,498)
Net assets, beginning of year	1,784,616	3,327,495	5,112,111
Net assets, end of year	<u><u>\$ 1,635,570</u></u>	<u><u>\$ 2,903,043</u></u>	<u><u>\$ 4,538,613</u></u>

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

VANDERBILT HILLEL, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Grants and other support	\$ 400,125	\$ 30,437	\$ 430,562
Net gain on investments	307,537	702,696	1,010,233
Annual campaign	174,156	-	174,156
Net assets released from restrictions	160,262	(160,262)	-
Total Support and Revenue	<u>1,042,080</u>	<u>572,871</u>	<u>1,614,951</u>
Expenses:			
Program services	591,315	-	591,315
Supporting Services:			
Management and general	91,340	-	91,340
Fundraising	67,181	-	67,181
Total Expenses	<u>749,836</u>	<u>-</u>	<u>749,836</u>
Change in net assets	292,244	572,871	865,115
Net assets, beginning of year	1,492,372	2,754,624	4,246,996
Net assets, end of year	<u>\$ 1,784,616</u>	<u>\$ 3,327,495</u>	<u>\$ 5,112,111</u>

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

VANDERBILT HILLEL, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 360,239	\$ 72,048	\$ 48,031	\$ 480,318
Occupancy	91,920	10,814	5,407	108,141
Shabbat dinners	57,782	-	-	57,782
Israel fellow	32,038	3,560	-	35,598
Holidays - food and other event costs	49,308	-	-	49,308
Other programs - food and other event costs	70,916	-	17,100	88,016
Other	15,599	10,056	2,192	27,847
Travel and training	3,884	8,783	3,688	16,355
Printing	3,314	1,657	552	5,523
Religious/clergy support	1,200	-	-	1,200
Supplies	2,168	1,084	361	3,613
Total Expenses	<u>\$ 688,368</u>	<u>\$ 108,002</u>	<u>\$ 77,331</u>	<u>\$ 873,701</u>

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

VANDERBILT HILLEL, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 333,479	\$ 66,696	\$ 44,463	\$ 444,638
Occupancy	90,002	10,588	5,294	105,884
Shabbat dinners	67,498	-	-	67,498
Israel fellow	32,188	3,576	-	35,764
Holidays - food and other event costs	29,929	-	-	29,929
Other programs - food and other event costs	21,744	-	5,491	27,235
Other	12,577	8,531	1,765	22,873
Travel and training	-	-	9,518	9,518
Printing	2,204	1,102	367	3,673
Supplies	1,694	847	283	2,824
Total Expenses	<u>\$ 591,315</u>	<u>\$ 91,340</u>	<u>\$ 67,181</u>	<u>\$ 749,836</u>

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

VANDERBILT HILLEL, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (573,498)	\$ 865,115
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	2,804	3,038
Net loss (gain) on investments	391,209	(1,010,233)
Changes in operating assets and liabilities:		
Contributions and grants receivable	(21,835)	(4,456)
Other receivables	-	3,520
Prepaid expense	(4,225)	33
Accounts payable and accrued expenses	7,794	(2,103)
Deferred grant revenue	(77,302)	8,775
Net cash flows from operating activities	<u>(275,053)</u>	<u>(136,311)</u>
Cash flows from investing activities:		
Purchases of furniture and equipment	(3,552)	-
Distributions from investments	238,904	197,347
Net cash flows from investing activities	<u>235,352</u>	<u>197,347</u>
Net change in cash and cash equivalents	(39,701)	61,036
Cash and cash equivalents, beginning of year	463,758	402,722
Cash and cash equivalents, end of year	<u><u>\$ 424,057</u></u>	<u><u>\$ 463,758</u></u>

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

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 1—Nature of operations

Vanderbilt Hillel, Inc. (the “Organization”) is a Tennessee not-for-profit corporation. It is the center of Jewish Life at Vanderbilt University, serving the religious, social, and educational needs of the undergraduate and graduate Jewish student communities. The Organization prides itself in offering Jewish college students different ways to express their Jewishness through creative holiday programs and cultural events.

Note 2—Summary of significant accounting policies

The financial statements of the Organization 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 Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors. Presently, net assets designated by the Board are for future needs and operation reserves.

Net Assets With Donor Restrictions – Net assets that are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization has net assets restricted for specific programs and to be held in perpetuity as stipulated by donors.

Contributions and Support – Contributions received are recorded as with donor restrictions and without donor restrictions, depending on the existence of any donor restrictions.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as restricted support that increases net assets with donor restrictions. When a restriction is fulfilled (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. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as net assets without restrictions.

Gifts of equipment or materials are reported as unrestricted support unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

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

Furniture and Equipment – Furniture and equipment is 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.

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2—Summary of significant accounting policies (continued)

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 is removed from the accounts, and the resulting gain or loss is included in operations.

Income Taxes – The Organization 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.

The Organization follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) guidance which 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.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Salaries and related expenses are allocated to the various program and supporting services based on estimated time spent on each function. The remaining expenses are allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the statements of financial position and gains and losses are included in the statements of activities.

Fair Value Measurements – The Organization classifies its investments in accordance with FASB ASC guidance based on a hierarchy consisting of three levels, which are explained as follows:

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 quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

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

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2—Summary of significant accounting policies (continued)

An 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 should maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Pooled Investment Accounts – Balances represent the Organization's interest in pooled investments with other participants held in funds at the Jewish Federation of Nashville and Middle Tennessee (the "Jewish Federation"). The Jewish Federation prepares a valuation of the funds based on the fair value of the underlying investments and allocates income or loss to each participant based on market results.

Mutual Funds – Valued at the net asset value of shares held by the Organization at year-end.

Alternative Investment Funds – Valued by applicable fund administrator based on reported values of underlying funds.

No changes in the valuation methodologies have been made during the period July 1, 2020 through June 30, 2022.

Endowment Funds – The *Uniform Prudent Management Institutional Funds Act* ("UPMIFA") was enacted in Tennessee effective July 1, 2007. The *Not-for-Profit* topic of the 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 disclosure of a description of the governing board's interpretation of the law that underlies the Organization's net asset classification of donor-restricted endowment funds, a description of the Organization's policies for the appropriation of endowment assets for expenditures (its endowment spending policies), a description of the Organization's endowment investment policies, and additional disclosures not previously required.

Subsequent Events – The Organization evaluated subsequent events through February 9, 2023, when these financial statements were available to be issued.

Revenue Recognition – The Organization follows ASC 606, *Revenue from Contracts with Customers*. ASC 606 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict 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. The Organization does not have significant revenues that are subject to ASC 606.

Recently Adopted Accounting Pronouncements – In September 2020, FASB issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires not-for-profit entities to present contributed nonfinancial assets as separate line items in the statement of activities, apart from contributions of cash and other financial assets. In addition, for each category of contributed nonfinancial assets recognized, certain additional disclosures are required. This standard is effective for the year ending June 30, 2022 and had an immaterial effect on the Organization's financial statements upon adoption. Generally, the Organization has recognized the contribution of professional services and supplies at market value. Such items have been maintained for use in the Organization. There have been no donor restrictions placed on such contributions.

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2—Summary of significant accounting policies (continued)

Recently Issued Accounting Standards – In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in ASU 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for the year ending June 30, 2023. A modified retrospective transition approach is required for leases for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently in the process of evaluating the impact this guidance may have on its financial statements.

Note 3—Liquidity and availability of resources

The Organization 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 Organization considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditures, that is, without donor restriction or other restrictions limiting their use, within one year of the statements of financial position comprise the following at June 30:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	\$ 424,057	\$ 463,758
Contributions and grants receivable	27,835	6,000
Investments held by the Jewish Federation	4,129,741	4,759,854
Total financial assets	<u>4,581,633</u>	<u>5,229,612</u>
Less amounts not available to be used for general expenditures within one year:		
Assets subject to designations	(1,540,883)	(1,745,066)
Assets subject to restrictions	(2,903,043)	(3,327,495)
Less payout on donor-restricted endowments for use over the next 12 months	<u>136,198</u>	<u>157,494</u>
Total amounts not available to be used for general expenditures within one year	<u>(4,307,728)</u>	<u>(4,915,067)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 273,905</u>	<u>\$ 314,545</u>

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 4—Credit risk and other concentrations

The Organization maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to statutory limits. As of June 30, 2022 and 2021, \$175,924 and \$239,702, respectively, of the Organization’s cash was above the FDIC limit and not insured.

For the years ended June 30, 2022 and 2021, approximately 36% and 12%, respectively, of total support and revenue was provided by two and one donors, respectively. The Organization is dependent upon endowment distributions to fund a portion of its annual budget.

Note 5—Contributions receivable

The Organization has recorded unconditional promises to give in the accompanying statements of financial position. All contributions receivable are scheduled to be received within one-year and management does not believe an allowance for uncollectible accounts is necessary at June 30, 2022 and 2021.

Note 6—Investments and pooled investment accounts

The Organization’s investments consist of an interest in pooled funds all held by the Jewish Federation.

Assets stated at fair value consist of the following at June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual funds	\$ -	\$ 1,961,623	\$ -	\$ 1,961,623
Alternative investment funds	-	-	762,327	762,327
Pooled investment accounts	-	1,405,791	-	1,405,791
	<u>\$ -</u>	<u>\$ 3,367,414</u>	<u>\$ 762,327</u>	<u>\$ 4,129,741</u>

Assets stated at fair value consist of the following at June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual funds	\$ -	\$ 2,471,067	\$ -	\$ 2,471,067
Alternative investment funds	-	-	678,813	678,813
Pooled investment accounts	-	1,609,974	-	1,609,974
	<u>\$ -</u>	<u>\$ 4,081,041</u>	<u>\$ 678,813</u>	<u>\$ 4,759,854</u>

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 6—Investments and pooled investment accounts (continued)

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

	2022	2021
Balance, beginning of year	\$ 678,813	\$ 533,746
Unrealized gain	83,514	145,067
Balance, end of year	<u>\$ 762,327</u>	<u>\$ 678,813</u>

Note 7—Endowments

The Organization's endowments were created to further the charitable purposes established by the Organization and include funds designated by the Board of Directors to function as endowments as well as funds restricted by donors.

Interpretation of Relevant Law – The Board of Directors of the Organization has interpreted the 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, such as net accumulations of investment income (loss) needed to meet corpus withdrawals as described above. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (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 net assets with donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowments net asset composition by type of fund as of June 30, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	<u>\$ 1,405,789</u>	<u>\$ 2,723,952</u>	<u>\$ 4,129,741</u>
Endowment net assets, beginning of year	\$ 1,609,974	\$ 3,149,880	\$ 4,759,854
Contributions	-	-	-
Loss, net	(123,313)	(267,896)	(391,209)
Releases	<u>(80,872)</u>	<u>(158,032)</u>	<u>(238,904)</u>
Endowment net assets, end of year	<u>\$ 1,405,789</u>	<u>\$ 2,723,952</u>	<u>\$ 4,129,741</u>

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 7—Endowments (continued)

Endowments net asset composition by type of fund as of June 30, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	<u>\$ 1,609,974</u>	<u>\$ 3,149,880</u>	<u>\$ 4,759,854</u>
Endowment net assets, beginning of year	\$ 1,363,413	\$ 2,583,557	\$ 3,946,970
Contributions	-	-	-
Gain, net	314,732	695,501	1,010,233
Releases	<u>(68,171)</u>	<u>(129,178)</u>	<u>(197,349)</u>
Endowment net assets, end of year	<u>\$ 1,609,974</u>	<u>\$ 3,149,880</u>	<u>\$ 4,759,854</u>

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. No endowment funds had fair values below the level that the donor or UPMIFA required at June 30, 2022 and 2021.

Endowment Investment Policy and Risk Parameters – The Organization has adopted investment and spending policies for endowment assets that attempt to provide a stable source of perpetual financial support by its endowment while seeking to preserve the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period, as well as amounts designated by the Board of Directors, if any, to be held in perpetuity.

Strategies Employed for Achieving Investment Objectives – To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based and fixed-income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy – The Organization has a policy of appropriating an annual distribution from the endowments of 5% of the ending balance of the preceding fiscal year.

Note 8—Net assets with donor restrictions

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

	2022	2021
Donor restricted endowment	<u>\$ 2,723,952</u>	<u>\$ 3,149,880</u>
Contribution restricted for other uses (including Maccabee Task Force Grant of \$100,667 and \$116,627 for the years ended 2022 and 2021, respectively)	<u>179,091</u>	<u>177,615</u>
Total net assets with donor restrictions	<u>\$ 2,903,043</u>	<u>\$ 3,327,495</u>

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 9—Deferred grant revenue

Deferred grant revenue at June 30, 2021 primarily consists of the proceeds from a Paycheck Protection Program (“PPP”) loan. The PPP loan is granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The loan must be repaid if the Organization does not overcome certain barriers within the CARES Act. The Organization has deferred recognition of grant revenue for the year ended June 30, 2021 because the conditions of forgiveness had not yet been substantially met. The Organization received forgiveness for the PPP loan during the year ended June 30, 2022 and recognized \$77,302 as grant revenue in the current year.

Note 10—Line of credit

The Organization has a \$125,000 line of credit with a bank bearing interest at a variable interest rate. The line of credit has a maturity date of February 28, 2023. At June 30, 2022, no borrowings were outstanding under the line of credit agreement. The note is secured by one of the board-designated endowments.

Note 11—Retirement plan

The Organization sponsors a retirement plan covering all employees who work a minimum of 1,000 hours for two consecutive years without a break in service of 12 months or more. The Organization will contribute 4% of an employee's base salary to the plan. Employees who contribute 2% of their salary to the pension plan will receive an additional 1% employer contribution increasing the overall employer contribution to 5%. The Organization made contributions of \$12,822 and \$14,645 to the plan during the years ended June 30, 2022 and 2021, respectively.

Note 12—Operational services and building maintenance agreement

The Organization leases office space under an operational services and building maintenance agreement. Total expense incurred under this agreement for the years ended June 30, 2022 and 2021 amounted to \$103,000 and \$99,186, respectively.

Future minimum lease payments required under the noncancelable operational services and building maintenance agreement in effect are \$8,333 per month through June 30, 2022. After that date, the fees will increase 3% annually through the end of the lease on June 30, 2032.

Future minimum lease payments are as follows for the year ended June 30:

Years Ending June 30,

2023	\$ 103,000
2024	106,090
2025	109,273
2026	112,551
2027	115,927
Thereafter	633,938
	<u>\$ 1,180,779</u>

Note 13—Related party transactions

The Organization receives grants from the Jewish Federation who also holds the Organization's endowment funds.

SUPPLEMENTARY INFORMATION

VANDERBILT HILLEL, INC.**SCHEDULE OF MACCABEE TASK FORCE GRANT EXPENDITURES***YEAR ENDED JUNE 30, 2022*

Vanderbilt Hillel general funds	\$	10,166
Shabbat dinner		1,000
Pro-Israel lecture and film series		2,888
Israel Peace Week		4,000
Advocacy course		4,885
Advanced Advocacy course		3,050
Pro-Israel events		500
Israeli Shuk event		999
Falafel at Midnight		1,000
Job fair		1,870
Cooking class		208
One-on-one meetings		240
Coalition building events		2,362
Leadership dinner		1,497
		<hr/>
	\$	34,665

Note 1—Summary of significant accounting policies

The accompanying schedule of Maccabee Task Force grant expenditures (the "Schedule") summarizes the expenditures related to the grant awarded to Vanderbilt Hillel, Inc. by the Maccabee Task Force during the year ended June 30, 2022. Expenditures reported on the Schedule are reported on the accrual basis of accounting. These expenditures are included in the statements of functional expenses of the financial statements and are included in the amounts reported for other programs – food and other event costs.