

**VANDERBILT HILLEL, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL SCHEDULES**

***As of and for the Years Ended June 30, 2019 and 2018***

***And Report of Independent Auditor***

**VANDERBILT HILLEL, INC.**  
**TABLE OF CONTENTS**

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**REPORT OF INDEPENDENT AUDITOR** ..... 1-2

**FINANCIAL STATEMENTS**

    Statements of Financial Position ..... 3

    Statements of Activities..... 4-5

    Statements of Functional Expenses ..... 6-7

    Statements of Cash Flows ..... 8

    Notes to the Financial Statements ..... 9-17

**SUPPLEMENTAL SCHEDULES**

    Schedule of Maccabee Task Force Grant Expenditures ..... 18

## **Report of Independent Auditor**

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

We have audited the accompanying financial statements of Vanderbilt Hillel, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 Vanderbilt Hillel, Inc. as of June 30, 2019, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Prior Period Financial Statements**

The June 30, 2018 financial statements were reviewed by us, and our report thereon, dated January 16, 2019, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

**Adoption of New Accounting Pronouncement**

As discussed in Note 2, Vanderbilt Hillel, Inc. adopted Financial Accounting Standards Board Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities*. The ASU has been applied retrospectively to all years presented in the financial statements. Our opinion is not modified with respect to this matter.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of grant expenditures on page 18 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.



Nashville, Tennessee  
December 6, 2019

**VANDERBILT HILLEL, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

*JUNE 30, 2019 AND 2018*

	<b>2019</b>	<b>(Unaudited) 2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 109,410	\$ 155,469
Contributions receivable	67,075	20,184
Other receivables	115	1,440
Prepaid expenses	1,289	722
Investments held by Jewish Federation of Nashville and Middle Tennessee	4,158,019	3,899,855
Furniture and equipment, net of accumulated depreciation of \$5,706 and \$3,537, respectively	8,552	8,701
<b>Total Assets</b>	<b>\$ 4,344,460</b>	<b>\$ 4,086,371</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 50,653	\$ 48,685
Note payable	106,223	106,223
<b>Total Liabilities</b>	<b>156,876</b>	<b>154,908</b>
Net Assets:		
Without donor restrictions:		
Designated endowment	1,446,167	1,187,108
Board designated	135,092	135,092
Undesignated deficit	(181,024)	(154,011)
<b>Total Without donor restrictions</b>	<b>1,400,235</b>	<b>1,168,189</b>
With donor restrictions	2,787,349	2,763,274
<b>Total Net Assets</b>	<b>4,187,584</b>	<b>3,931,463</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,344,460</b>	<b>\$ 4,086,371</b>

**VANDERBILT HILLEL, INC.**  
**STATEMENT OF ACTIVITIES**

*YEAR ENDED JUNE 30, 2019*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and Revenue:			
Grants and other support	\$ 432,753	\$ 315,961	\$ 748,714
Net gain on investments	70,323	134,742	205,065
Annual campaign	191,546	-	191,546
Net assets released from restrictions	426,628	(426,628)	-
Total Support and Revenue	<u>1,121,250</u>	<u>24,075</u>	<u>1,145,325</u>
Expenses:			
Program services	711,128	-	711,128
Supporting Services:			
Management and general	85,380	-	85,380
Fundraising	92,696	-	92,696
Total Expenses	<u>889,204</u>	<u>-</u>	<u>889,204</u>
Change in net assets	232,046	24,075	256,121
Net assets, beginning of year	1,168,189	2,763,274	3,931,463
Net assets, end of year	<u>\$ 1,400,235</u>	<u>\$ 2,787,349</u>	<u>\$ 4,187,584</u>

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

**VANDERBILT HILLEL, INC.**  
**STATEMENT OF ACTIVITIES (UNAUDITED)**

*YEAR ENDED JUNE 30, 2018*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and Revenue:			
Grants and other support	\$ 546,342	\$ 211,281	\$ 757,623
Net gain on investments	55,308	193,721	249,029
Annual campaign	185,451	-	185,451
Net assets released from restrictions	327,513	(327,513)	-
Total Support and Revenue	<u>1,114,614</u>	<u>77,489</u>	<u>1,192,103</u>
Expenses:			
Program services	561,236	-	561,236
Supporting Services:			
Management and general	76,715	-	76,715
Fundraising	87,219	-	87,219
Total Expenses	<u>725,170</u>	<u>-</u>	<u>725,170</u>
Change in net assets	389,444	77,489	466,933
Net assets, beginning of year	<u>778,745</u>	<u>2,685,785</u>	<u>3,464,530</u>
Net assets, end of year	<u>\$ 1,168,189</u>	<u>\$ 2,763,274</u>	<u>\$ 3,931,463</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, 2019*

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	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and benefits	\$ 299,530	\$ 59,907	\$ 39,936	\$ 399,373
Other programs - food and other event costs	87,829	-	23,810	111,639
Israel Trip	97,706	-	-	97,706
Occupancy	74,391	8,752	4,376	87,519
Holidays - food and other event costs	56,746	-	-	56,746
Shabbat dinners	36,950	-	-	36,950
Israel fellow	31,675	3,520	-	35,195
Other	14,105	9,905	2,317	26,327
Travel	-	-	21,158	21,158
Printing	4,536	2,268	756	7,560
Religious/clergy support	5,593	-	-	5,593
Supplies	2,067	1,028	343	3,438
Total Expenses	<u>\$ 711,128</u>	<u>\$ 85,380</u>	<u>\$ 92,696</u>	<u>\$ 889,204</u>



**VANDERBILT HILLEL, INC.****STATEMENT OF FUNCTIONAL EXPENSES (UNAUDITED)***YEAR ENDED JUNE 30, 2018*

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	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and benefits	\$ 269,323	\$ 53,865	\$ 35,909	\$ 359,097
Other programs - food and other event costs	70,109	-	23,353	93,462
Occupancy	74,335	8,745	4,373	87,453
Holidays - food and other event costs	46,670	-	-	46,670
Shabbat dinners	44,296	-	-	44,296
Israel fellow	28,663	1,592	1,592	31,847
Other	14,172	8,215	2,500	24,887
Travel	-	-	18,060	18,060
Printing	6,727	3,364	1,121	11,212
Religious/clergy support	5,070	-	-	5,070
Supplies	1,871	934	311	3,116
Total Expenses	<u>\$ 561,236</u>	<u>\$ 76,715</u>	<u>\$ 87,219</u>	<u>\$ 725,170</u>

**VANDERBILT HILLEL, INC.**  
**STATEMENTS OF CASH FLOWS**

*YEARS ENDED JUNE 30, 2019 AND 2018*

	<b>2019</b>	<b>(Unaudited) 2018</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 256,121	\$ 466,933
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,170	1,687
Net gain on investments	(205,065)	(249,029)
Changes in operating assets and liabilities:		
Contributions receivable	(46,891)	(13,206)
Other receivables	1,325	(1,440)
Prepaid expense	(567)	12,927
Accounts payable and accrued expenses	1,968	2,451
Net cash provided by operating activities	<u>9,061</u>	<u>220,323</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(2,021)	(4,734)
Purchases of investments	(252,834)	(400,000)
Distributions from investments	199,735	184,615
Net cash used in investing activities	<u>(55,120)</u>	<u>(220,119)</u>
Net (decrease) increase in cash and cash equivalents	(46,059)	204
Cash and cash equivalents, beginning of year	155,469	155,265
Cash and cash equivalents, end of year	<u>\$ 109,410</u>	<u>\$ 155,469</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, 2019 AND 2018

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### **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 purposes 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 restriction and without donor restriction, 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 restriction.

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.

**VANDERBILT HILLEL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2019 AND 2018*

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

*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.

*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 be met 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 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.

*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.

**VANDERBILT HILLEL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2019 AND 2018*

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

*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.

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, 2017 through June 30, 2019.

*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 December 6, 2019, when these financial statements were available to be issued.

**VANDERBILT HILLEL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2019 AND 2018*

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

*Change in Accounting Principle* – In August 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statement of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU has been applied retrospectively to all periods presented.

*Recently Issued Accounting Standards* – In February 2016, the 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 Organization year ending June 30, 2022. 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.

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. This guidance revises accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. This guidance is effective for the year ending June 30, 2020. The Organization is evaluating the impact this guidance may have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance in this ASU clarifies the accounting guidance for contributions received and contributions made. The amendments in this ASU will assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchanges (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This guidance is effective for the Organization for the year ended June 30, 2020. The Organization is currently evaluating the effect of the implementation of this new standard.

**VANDERBILT HILLEL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2019 AND 2018*

**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 statement of financial position comprise the following at June 30:

	<b>2019</b>	<b>Unaudited 2018</b>
Financial assets at year-end:		
Cash and cash equivalents	\$ 109,410	\$ 155,469
Contributions receivable	67,075	20,184
Other receivables	115	1,440
Investments held by Jewish Federation of Nashville and Middle Tennessee	4,158,019	3,899,855
Total financial assets	<u>4,334,619</u>	<u>4,076,948</u>
Less amounts not available to be used for general expenditures within one year:		
Assets subject to designations	(1,581,259)	(1,322,200)
Assets subject to restrictions	(2,787,349)	(2,763,274)
Less payout on donor-restricted endowments for use over the next 12 months	<u>135,593</u>	<u>135,637</u>
Total amounts not available to be used for general expenditures within one year	<u>(4,233,015)</u>	<u>(3,949,837)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 101,604</u>	<u>\$ 127,111</u>

**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 up to statutory limits. As of June 30, 2019 and 2018, the Organization's cash was fully insured.

For the years ended June 30, 2019 and 2018, approximately 53% and 54% (unaudited), respectively, of total support and revenue was provided by two donors and one donor, respectively, and by investment activity. The contributions received are not anticipated to recur in future periods. 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, 2019 and 2018.

**VANDERBILT HILLEL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2019 AND 2018*

**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, 2019:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments:				
Mutual funds	\$ 2,143,927	\$ -	\$ -	\$ 2,143,927
Alternative investment funds	-	-	567,925	567,925
Pooled investment accounts	-	1,446,167	-	1,446,167
	<u>\$ 2,143,927</u>	<u>\$ 1,446,167</u>	<u>\$ 567,925</u>	<u>\$ 4,158,019</u>

Assets stated at fair value consist of the following at June 30, 2018 (unaudited):

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments:				
Mutual funds	\$ 2,175,086	\$ -	\$ -	\$ 2,175,086
Alternative investment funds	-	-	537,661	537,661
Pooled investment accounts	-	1,187,108	-	1,187,108
	<u>\$ 2,175,086</u>	<u>\$ 1,187,108</u>	<u>\$ 537,661</u>	<u>\$ 3,899,855</u>

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:

	<b>2019</b>	<b>Unaudited 2018</b>
Balance, beginning of year	\$ 537,661	\$ 493,392
Unrealized gain	30,264	44,269
Balance, end of year	<u>\$ 567,925</u>	<u>\$ 537,661</u>



**VANDERBILT HILLEL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2019 AND 2018*

**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, 2019 is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment funds	<u>\$ 1,446,167</u>	<u>\$ 2,711,852</u>	<u>\$ 4,158,019</u>
Endowment net assets, beginning of year	\$ 1,187,108	\$ 2,712,747	\$ 3,899,855
Contributions	252,834	-	252,834
Gain, net	70,323	134,742	205,065
Releases	(64,098)	(135,637)	(199,735)
Endowment net assets, end of year	<u>\$ 1,446,167</u>	<u>\$ 2,711,852</u>	<u>\$ 4,158,019</u>

Endowments net asset composition by type of fund as of June 30, 2018 (unaudited) is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment funds	<u>\$ 1,187,108</u>	<u>\$ 2,712,747</u>	<u>\$ 3,899,855</u>
Endowment net assets, beginning of year	\$ 783,835	\$ 2,651,606	\$ 3,435,441
Contributions	400,000	-	400,000
Gain, net	55,308	193,721	249,029
Releases	(52,035)	(132,580)	(184,615)
Endowment net assets, end of year	<u>\$ 1,187,108</u>	<u>\$ 2,712,747</u>	<u>\$ 3,899,855</u>

**VANDERBILT HILLEL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2019 AND 2018*

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**Note 7—Endowments (continued)**

*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, 2019 and 2018.

*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:

	<b>2019</b>	<b>Unaudited 2018</b>
Donor restricted endowment	\$ 2,711,852	\$ 2,712,747
Maccabee Task Force Grant	7,570	-
Contributions received for future periods	-	30,343
Contributions restricted for lounge remodel	852	-
Contributions receivable	67,075	20,184
Total net assets with donor restrictions	<u>\$ 2,787,349</u>	<u>\$ 2,763,274</u>

**Note 9—Note payable**

The Organization entered into a note payable agreement with an individual in the amount of \$146,223 in 2005. The note was amended in June 2008 to require annual principal payments of \$10,000 per year until the note is repaid. No principal payments have been made on the note payable since 2012. The note is unsecured, non-interest bearing, and considered due on demand. Subsequent to the year ended June 30, 2019, the note was paid in full.

**VANDERBILT HILLEL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2019 AND 2018*

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**Note 10—Line of credit**

The Organization has a \$125,000 line of credit with a bank bearing interest at the bank's index rate plus 0.5%. The line of credit is unsecured. The line of credit has a maturity date of February 28, 2020. At June 30, 2019, 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 \$12,532 and \$9,498 (unaudited) to the plan during the years ended June 30, 2019 and 2018, 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, 2019 and 2018 amounted to \$86,730 and \$87,453 (unaudited), respectively.

Future minimum lease payments required under the noncancelable operational services and building maintenance agreement in effect are \$7,083 per month for a five-year period ending June 30, 2020. Rent will escalate annually at a rate not to exceed Consumer Price Index. Minimum commitments under this agreement are as follows at June 30, 2019:

**Years Ending June 30,**

2020

\$ 84,996

**Note 13—Related party transactions**

Various board members provide religious services for certain fees. The Organization receives grants from the Jewish Federation of Nashville and Middle Tennessee who also holds the Organization's endowment funds.

## **SUPPLEMENTAL INFORMATION**

**VANDERBILT HILLEL, INC.****SCHEDULE OF MACCABEE TASK FORCE GRANT EXPENDITURES***YEAR ENDED JUNE 30, 2019*

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	<u><b>Total</b></u>
Trip to the State of Israel	\$ 95,000
Recruiting Trip Participants	1,500
Israel Peace Week Events	4,370
Lecture Series	2,384
Falafel at Midnight	340
Interfaith Sedar	1,836
Multicultural Shuk	2,000
Leadership Dinner	1,000
Dores for Israel	1,500
Vanderbilt AIPAC	2,000
Vanderbilt Tikkum Olam	1,000
Vanderbilt Hillel General Funds	<u>10,000</u>
	<u><u>\$ 122,930</u></u>

**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, 2019. Expenditures reported on the Schedule are reported on the accrual basis of accounting. These expenditures are included in the Statement of Functional Expense on page 6 of the financial statements and are included in the amounts reported for Israel Trip and Other programs – food and other events.