

VANDERBILT HILLEL, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE**

As of and for the Years Ended June 30, 2020 and 2019

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

We have audited the accompanying financial statements of Vanderbilt Hillel, Inc. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2020 and 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vanderbilt Hillel, Inc. as of June 30, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 15, toward the end of December 2019, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. During 2020 and 2021, there have been various mandates and/or requests from federal, state, and local authorities resulting in the closures of non-essential businesses. Although it is not possible to reasonably estimate the length or severity of this outbreak and hence its financial impact, any significant reduction of activities could negatively impact Vanderbilt Hillel, Inc.'s operations for an indeterminable time period. Other financial impacts could occur though such potential impacts are unknown at this time. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on page 19 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

REPORT DATE

VANDERBILT HILLEL, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 402,722	\$ 109,410
Contributions receivable	1,544	67,075
Other receivables	3,520	115
Prepaid expenses	782	1,289
Investments held by the Jewish Federation of Nashville and Middle Tennessee	3,946,970	4,158,019
Furniture and equipment, net of accumulated depreciation of \$8,540 and \$5,706, respectively	10,899	8,552
Total Assets	<u>\$ 4,366,437</u>	<u>\$ 4,344,460</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 50,914	\$ 50,653
Deferred grant revenue	68,527	-
Note payable	-	106,223
Total Liabilities	<u>119,441</u>	<u>156,876</u>
Net Assets:		
Without Donor Restrictions:		
Designated endowment	1,363,414	1,446,167
Board designated	135,092	135,092
Undesignated deficit	(6,134)	(181,024)
Total Without Donor Restrictions	1,492,372	1,400,235
With Donor Restrictions	2,754,624	2,787,349
Total Net Assets	<u>4,246,996</u>	<u>4,187,584</u>
Total Liabilities and Net Assets	<u>\$ 4,366,437</u>	<u>\$ 4,344,460</u>

VANDERBILT HILLEL, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Grants and other support	\$ 369,275	\$ 202,242	\$ 571,517
Net loss on investments	(10,445)	7,297	(3,148)
Annual campaign	282,240	-	282,240
Net assets released from restrictions	242,264	(242,264)	-
Total Support and Revenue	883,334	(32,725)	850,609
Expenses:			
Program services	605,355	-	605,355
Supporting Services:			
Management and general	93,306	-	93,306
Fundraising	92,536	-	92,536
Total Expenses	791,197	-	791,197
Change in net assets	92,137	(32,725)	59,412
Net assets, beginning of year	1,400,235	2,787,349	4,187,584
Net assets, end of year	<u>\$ 1,492,372</u>	<u>\$ 2,754,624</u>	<u>\$ 4,246,996</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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
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	<u>426,628</u>	<u>(426,628)</u>	<u>-</u>
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	<u>92,696</u>	<u>-</u>	<u>92,696</u>
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	<u>1,168,189</u>	<u>2,763,274</u>	<u>3,931,463</u>
Net assets, end of year	<u>\$ 1,400,235</u>	<u>\$ 2,787,349</u>	<u>\$ 4,187,584</u>

VANDERBILT HILLEL, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 347,112	\$ 69,423	\$ 46,281	\$ 462,816
Other programs - food and other event costs	76,737	-	20,075	96,812
Occupancy	75,528	8,885	4,443	88,856
Shabbat dinners	44,045	-	-	44,045
Other	14,883	10,307	2,597	27,787
Holidays - food and other event costs	24,361	-	-	24,361
Travel	-	-	18,031	18,031
Israel fellow	12,255	1,362	-	13,617
Printing	5,288	2,644	881	8,813
Religious/clergy support	3,707	-	-	3,707
Supplies	1,439	685	228	2,352
Total Expenses	<u>\$ 605,355</u>	<u>\$ 93,306</u>	<u>\$ 92,536</u>	<u>\$ 791,197</u>

VANDERBILT HILLEL, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Fundraising	Total
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.
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 59,412	\$ 256,121
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,889	2,170
Net loss (gain) on investments	3,148	(205,065)
Changes in operating assets and liabilities:		
Contributions receivable	65,531	(46,891)
Other receivables	(3,405)	1,325
Prepaid expense	507	(567)
Accounts payable and accrued expenses	261	1,968
Deferred grant revenue	68,527	-
Net cash provided by operating activities	<u>196,870</u>	<u>9,061</u>
Cash flows from investing activities:		
Purchases of property and equipment	(5,236)	(2,021)
Purchases of investments	-	(252,834)
Distributions from investments	207,901	199,735
Net cash provided by (used in) investing activities	<u>202,665</u>	<u>(55,120)</u>
Cash flows from financing activities:		
Proceeds from borrowings on the line of credit	50,000	-
Repayments on the line of credit	(50,000)	-
Principal payments on note payable	(106,223)	-
Net cash used in financing activities	<u>(106,223)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	293,312	(46,059)
Cash and cash equivalents, beginning of year	109,410	155,469
Cash and cash equivalents, end of year	<u>\$ 402,722</u>	<u>\$ 109,410</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, 2020 AND 2019

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, 2020 AND 2019

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 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 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, 2020 AND 2019

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, 2018 through June 30, 2020.

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 **REPORT DATE**, when these financial statements were available to be issued.

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 2—Summary of significant accounting policies (continued)

Recently Adopted Accounting Pronouncements – In June 2018, 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 assists 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. The Organization evaluated the new standard and determined that the accounting standard did not require a change to the Organization's practices for recording contributions.

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 Organization 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.

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 402,722	\$ 109,410
Contributions receivable	1,544	67,075
Other receivables	3,520	115
Investments held by the Jewish Federation	<u>3,946,970</u>	<u>4,158,019</u>
Total financial assets	<u>4,354,756</u>	<u>4,334,619</u>
Less amounts not available to be used for general expenditures within one year:		
Assets subject to designations	(1,498,506)	(1,581,259)
Assets subject to restrictions	(2,754,624)	(2,787,349)
Less payout on donor-restricted endowments for use over the next 12 months	<u>129,178</u>	<u>135,593</u>
Total amounts not available to be used for general expenditures within one year	<u>(4,123,952)</u>	<u>(4,233,015)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 230,804</u>	<u>\$ 101,604</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, 2020 and 2019, the Organization's cash was fully insured.

For the years ended June 30, 2020 and 2019, approximately 34% and 53%, respectively, of total support and revenue was provided by two donors. 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, 2020 and 2019.

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual funds	\$ 2,049,810	\$ -	\$ -	\$ 2,049,810
Alternative investment funds	-	-	533,746	533,746
Pooled investment accounts	-	1,363,414	-	1,363,414
	<u>\$ 2,049,810</u>	<u>\$ 1,363,414</u>	<u>\$ 533,746</u>	<u>\$ 3,946,970</u>

Assets stated at fair value consist of the following at June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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>

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:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 567,925	\$ 537,661
Unrealized gain (loss)	(34,179)	30,264
Balance, end of year	<u>\$ 533,746</u>	<u>\$ 567,925</u>

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	<u>\$ 1,363,414</u>	<u>\$ 2,583,556</u>	<u>\$ 3,946,970</u>
Endowment net assets, beginning of year	\$ 1,446,167	\$ 2,711,852	\$ 4,158,019
Contributions	-	-	-
Gain (loss), net	(10,445)	7,297	(3,148)
Releases	<u>(72,308)</u>	<u>(135,593)</u>	<u>(207,901)</u>
Endowment net assets, end of year	<u>\$ 1,363,414</u>	<u>\$ 2,583,556</u>	<u>\$ 3,946,970</u>

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Endowments net asset composition by type of fund as of June 30, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
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	<u>(64,098)</u>	<u>(135,637)</u>	<u>(199,735)</u>
Endowment net assets, end of year	<u>\$ 1,446,167</u>	<u>\$ 2,711,852</u>	<u>\$ 4,158,019</u>

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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, 2020 and 2019.

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:

	2020	2019
Donor restricted endowment	\$ 2,583,556	\$ 2,711,852
Maccabee Task Force Grant	117,413	7,570
Contribution restricted for student groups	14,483	-
Contributions restricted for kitchen remodel	37,628	-
Contributions restricted for lounge remodel	-	852
Contributions receivable	1,544	67,075
Total net assets with donor restrictions	<u>\$ 2,754,624</u>	<u>\$ 2,787,349</u>

Note 9—Deferred grant revenue

Deferred grant revenue primarily consists of the proceeds from a Paycheck Protection Program loan (“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, 2020 because the conditions of forgiveness have not yet been substantially met; however, the Organization believes it will substantially meet the conditions required for forgiveness in the following year.

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 10—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 were been made on the note payable from 2012 through 2019. The note was unsecured, non-interest bearing, and considered due on demand. During the year ended June 30, 2020, the note was paid in full.

Note 11—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 has a maturity date of February 28, 2021. At June 30, 2020, no borrowings were outstanding under the line of credit agreement. The note is secured by one of the board-designated endowments.

Note 12—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 \$12,411 and \$12,532 to the plan during the years ended June 30, 2020 and 2019, respectively.

Note 13—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, 2020 and 2019 amounted to \$88,464 and \$86,730, respectively.

Future minimum lease payments required under the noncancelable operational services and building maintenance agreement in effect are \$7,520 per month through October 2020. Since October 2020, the Organization has continued to pay \$7,520 per month while negotiations for a renewed operational services and building maintenance agreement continue.

Note 14—Related party transactions

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

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

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Note 15—Uncertainty

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a global pandemic which continues to spread through the world and has adversely impacted global commercial activity and contributed to significant volatility in the financial markets. COVID-19 and government responses are creating disruption to global supply chains and adversely impacting many industries. The outbreak has caused a material, adverse impact on the economic and market conditions. Effective March 15, 2020, Vanderbilt University closed dormitories and suspended in person classes. Vanderbilt University reopened to students and in person classes in August 2020; however, restrictions on student gatherings continue, impacting the operations of Vanderbilt Hillel, Inc. Management has taken a number of steps to mitigate the negative financial effects on the Organization. However, the rapid development and fluidity of this situation precludes any predictions as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organization, its performance, and its financial results.

SUPPLEMENTAL SCHEDULE

VANDERBILT HILLEL, INC.**SCHEDULE OF MACCABEE TASK FORCE GRANT EXPENDITURES***YEAR ENDED JUNE 30, 2020*

Vanderbilt Hillel general funds	\$	10,000
Scholarships		2,703
Shabbat dinner		1,140
Commodores for Israel general budget		1,000
Student board general budget		1,000
Vanderbilt AIPAC general budget		1,000
Tikkum Olam general budget		1,000
Pro-Israel lecture and film series		876
Israel Peace Week		556
Advocacy course		555
Trip to the state of Israel follow up events		525
Leadership dinner		162
	\$	<u>20,517</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, 2020. Expenditures reported on the Schedule are reported on the accrual basis of accounting. These expenditures are included in the statement of functional expenses on page 6 of the financial statements and are included in the amounts reported for other programs – food and other event costs.