

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

**FINANCIAL STATEMENTS**

**June 30, 2013**

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

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Jewish Family Service of Nashville and Middle Tennessee, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013 and the related statements of activities, cash flows and functional expenses for the ten-month period 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 Jewish Family Service of Nashville and Middle Tennessee, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the ten-month period then ended in accordance with accounting principles generally accepted in the United States of America.

*Frasier, Dean & Hard, PLLC*

November 13, 2013

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2013**

**Assets**

Cash	\$ 98,586
Grant receivables from Jewish Federation	1,018
Contribution receivables	3,426
Accounts receivable, less allowance for doubtful accounts of \$110	8,925
Other receivables	1,806
Prepaid expenses	4,371
Investments	201,340
Property and equipment, net	5,949
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Total assets	\$ 325,421
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**Liabilities and Net Assets**

Accounts payable	\$ 10,646
Accrued expenses	8,135
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Total liabilities	18,781
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Net assets:	
Unrestricted	295,279
Temporarily restricted	11,361
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Total net assets	306,640
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Total liabilities and net assets	\$ 325,421
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See accompanying notes to financial statements.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**STATEMENT OF ACTIVITIES**  
**Ten-Month Period Ended June 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Fundraisers, net of expenses of \$16,274	\$ 112,609	\$ -	\$ 112,609
Jewish Federation grants	88,439	-	88,439
Other grants	62,100	-	62,100
Fees, net	45,621	-	45,621
Public support received directly	28,346	-	28,346
Use of donated facilities	15,400	-	15,400
Jewish Federation reimbursements	7,255	-	7,255
United Way	5,911	-	5,911
Investment income	2,944	-	2,944
Foundation distributions	654	-	654
Auto donation	353	-	353
	<u>369,632</u>	<u>-</u>	<u>369,632</u>
Total support and revenue			
	<u>369,632</u>	<u>-</u>	<u>369,632</u>
Expenses:			
Program services:			
Adoption	117,939	-	117,939
Counseling	70,448	-	70,448
Financial aid/Kosher food box	35,671	-	35,671
Senior services	31,925	-	31,925
Family and community education	11,753	-	11,753
	<u>267,736</u>	<u>-</u>	<u>267,736</u>
Total program services			
	<u>267,736</u>	<u>-</u>	<u>267,736</u>
Management and general	53,913	-	53,913
	<u>53,913</u>	<u>-</u>	<u>53,913</u>
Total expenses			
	<u>321,649</u>	<u>-</u>	<u>321,649</u>
Change in net assets from operations	47,983	-	47,983
Net gain on investments	6,533	-	6,533
	<u>6,533</u>	<u>-</u>	<u>6,533</u>
Change in net assets	54,516	-	54,516
Net assets, beginning of period	240,763	11,361	252,124
	<u>240,763</u>	<u>11,361</u>	<u>252,124</u>
Net assets, end of period	\$ 295,279	\$ 11,361	\$ 306,640
	<u>\$ 295,279</u>	<u>\$ 11,361</u>	<u>\$ 306,640</u>

See accompanying notes to financial statements.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**STATEMENT OF CASH FLOWS**  
**Ten-Month Period Ended June 30, 2013**

Cash flows from operating activities:	
Change in net assets	\$ 54,516
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,157
Net realized and unrealized gain on investments	(6,533)
Changes in operating assets and liabilities:	
Receivables from Jewish Federation	6,091
Contributions receivable	(366)
Accounts receivable	(2,813)
Other receivables	(711)
Prepaid expenses	(1,714)
Accounts payable	6,954
Accrued expenses	(1,407)
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Net cash provided by operating activities	55,174
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Cash flows from investing activities:	
Purchases of property and equipment	(4,329)
Purchases of investments	(2,944)
Proceeds from sale of investments	25,000
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Net cash provided by investing activities	17,727
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Increase in cash	72,901
Cash, beginning of period	25,685
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Cash, end of period	\$ 98,586
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See accompanying notes to financial statements.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Ten-Month Period Ended June 30, 2013**

	Program Services					Management and General	Total Expenses
	Adoption	Counseling	Financial Aid/ Kosher Food Box	Senior Services	Family and Community Education		
Salaries	\$ 82,683	\$ 50,400	\$ 13,944	\$ 18,765	\$ 5,288	\$ 171,080	\$ 207,794
Employee health and retirement benefits	7,978	4,993	770	20	312	14,073	15,456
Payroll taxes	5,643	3,313	944	1,389	375	11,664	15,303
Total payroll expenses	96,304	58,706	15,658	20,174	5,975	196,817	238,553
Specific assistance to individuals		-	15,769	-	-	15,769	15,769
Rent	5,165	3,123	838	1,753	232	11,111	15,400
Professional fees	3,106	1,907	623	969	2,282	8,887	10,627
Supplies	2,114	1,538	463	136	2,734	6,985	8,524
Program expenses	-	-	307	7,472	168	7,947	7,947
Marketing and public relations	4,164	872	385	4	79	5,504	5,902
Conferences, conventions, and meetings	1,330	976	125	1,217	63	3,711	4,301
Telephone	1,841	1,252	220	27	53	3,393	4,134
Insurance	1,372	829	811	136	65	3,213	4,033
Dues and subscriptions	1,006	612	162	1	37	1,818	2,349
Postage and delivery	602	312	198	10	25	1,147	1,444
Travel	845	255	112	26	40	1,278	1,353
Depreciation and amortization	-	-	-	-	-	-	1,157
Taxes, licenses, and other	90	66	-	-	-	156	156
Total expenses	\$ 117,939	\$ 70,448	\$ 35,671	\$ 31,925	\$ 11,753	\$ 267,736	\$ 321,649

See accompanying notes to financial statements.



**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 1 – ORGANIZATION AND PURPOSE**

Jewish Family Service of Nashville and Middle Tennessee, Inc. (“Jewish Family Service”) is a Tennessee not-for-profit corporation. Its purpose is to provide a full range of social services. These services include counseling and psychotherapy, emergency financial assistance to the Jewish community, adoption, case management, information and referral, Jewish family and community education, and other social service activities. The service area is Davidson County and Middle Tennessee. As discussed in Note 10, Jewish Family Service changed its fiscal year end from August to June.

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

The financial statements of Jewish Family Service have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below.

**Basis of Presentation**

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Jewish Family Service and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of Jewish Family Service and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by Jewish Family Service. Jewish Family Service had no permanently restricted net assets at June 30, 2013.

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

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

**Cash**

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

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013**

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

**Property and Equipment**

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

**Receivables and Credit Policy**

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

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

Grant revenue from the Jewish Federation of Nashville and Middle Tennessee ("Jewish Federation") is recorded when expenditures are incurred that will be reimbursed by the grantor.

**Program and Supportive Services**

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

Adoption – provides birth parent counseling, domestic and international home studies, and post-adoption services.

Counseling – provides on-going individual, family and marital counseling using various therapeutic approaches.

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

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

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

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013**

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

**Program and Supportive Services (Continued)**

Management and general – includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program or activity. Includes costs associated with providing coordination and implementation of Jewish Family Service’s program strategy, business management, general recordkeeping, budgeting and related purposes.

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

**Donated Services and Facilities**

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

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

**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.

**Income Taxes**

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

Jewish Family Service follows Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) guidance that clarifies the accounting for uncertainty in income taxes recognized in an entity’s financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013**

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

**Income Taxes (Continued)**

ultimate settlement. Jewish Family Service has no tax penalties or interest reported in the accompanying financial statements. Jewish Family Service had no uncertain tax positions at June 30, 2013. Tax years prior to the year ended August 31, 2010 are closed to examination.

**Subsequent Events**

Jewish Family Service evaluated subsequent events through November 13, 2013, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

**NOTE 3 – GRANT RECEIVABLES FROM JEWISH FEDERATION**

Grant receivables from Jewish Federation consist of the following at June 30, 2013:

Helping hands music program	\$ 521
Information and referral	313
Family life education	<u>184</u>
	<u>\$ 1,018</u>

**NOTE 4 – FAIR VALUE MEASUREMENTS**

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

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

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

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013**

**NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)**

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

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

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. The realized and unrealized gain or loss on investments is reflected in the statement of activities.

The following is a description of the valuation methodologies used for asset measurement at fair value. There have been no changes in the methodologies used at June 30, 2013.

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

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Jewish Family Service's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments are stated at fair value with fair value determined based on active markets (Level 1) and consist of the following at June 30, 2013:

Money market funds	\$ 113,257
Stock mutual funds	14,180
Balanced mutual funds	<u>73,903</u>
	<u>\$ 201,340</u>

The following schedule summarizes the investment income in the statement of activities for the ten-month period ended June 30, 2013:

Investment income	<u>\$ 2,944</u>
Unrealized gain on investments	<u>\$ 6,533</u>

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013**

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30, 2013:

Furniture, equipment and software	\$ 12,226
Less accumulated depreciation and amortization	<u>(6,277)</u>
	<u>\$ 5,949</u>

**NOTE 6 – NET ASSETS**

Jewish Family Service has received contributions from donors with the stipulation that such contributions are to be used for specific purposes. Temporarily restricted net assets consist of the following at June 30, 2013:

Helping Hands Fund	\$ 10,000
Needy Family Assistance Fund	1,256
Wall of Remembrance Fund	<u>105</u>
	<u>\$ 11,361</u>

**NOTE 7 – RELATED PARTY TRANSACTIONS**

Jewish Family Service's office space is located in the Gordon Jewish Community Center. No rent payments are required, but the use of donated facilities is recorded at its estimated value. Donated facilities amounted to \$15,400 for the ten-month period ended June 30, 2013.

**NOTE 8 – PENSION PLAN**

Jewish Family Service employees who meet certain participation requirements may elect to participate in a defined contribution plan. Those who elect to participate must contribute a minimum of 1% of their covered wages and may contribute up to a maximum of 20% each year. Jewish Family Service has the option of making a matching contribution. During the ten-month period ended June 30, 2013, Jewish Family Service matched up to 1.5% of contributions of employees who participated in the defined contribution plan. For the ten-month period ended June 30, 2013, Jewish Family Services contributed \$1,902 in matching contributions.

**NOTE 9 – CONCENTRATIONS OF CREDIT RISK**

Jewish Family Service utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013**

**NOTE 10 – FISCAL YEAR**

Jewish Family Service's board of directors voted to change the organization's fiscal year end from August 31<sup>st</sup> to June 30<sup>th</sup>. Accordingly the accompanying financial statements are presented for the ten-month period from September 1, 2012 to June 30, 2013.