VANDERBILT HILLEL, INC.

FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2017

And Independent Accountant's Review Report

Cherry Bekaert LLP
CPAs & Advisors

VANDERBILT HILLEL, INC.
TABLE OF CONTENTS

Cherry Bekaert LLP
CPAs & Advisors

Independent Accountant's Review Report

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

We have reviewed the accompanying financial statements of Vanderbilt Hillel, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Cherry Bekaert LLP

Nashville, Tennessee
February 13, 2018

VANDERBILT HILLEL, INC.
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

ASSETS		
Cash and cash equivalents	$	155,265
Contributions receivable		6,978
Prepaid expenses		13,649
Investments held by Jewish Federation of Nashville and Middle Tennessee		3,435,441
Furniture and equipment, net of accumulated depreciation of $1,849		5,654
Total Assets	$	3,616,987
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$	46,234
Note payable		106,223
Total Liabilities		152,457
Net Assets:		
Unrestricted:		
Designated endowment		783,834
Board designated		135,092
Undesignated deficit		(140,181)
Total Unrestricted		778,745
Temporarily restricted		166,759
Permanently restricted		2,519,026
Total Net Assets		3,464,530
Total Liabilities and Net Assets	$	3,616,987

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

VANDERBILT HILLEL, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue:				
Grants and other support	$ 1,010,025	$ 180,678	$ -	$ 1,190,703
Net gain on investments	41,864	132,580	140,656	315,100
Annual campaign	214,411	-	-	214,411
Net assets released from restrictions	281,778	(281,778)	-	-
Total Support and Revenue	1,548,078	31,480	140,656	1,720,214
Expenses:				
Program services	530,339	-	-	530,339
Supporting services:				
Management and general	83,052	-	-	83,052
Fundraising	60,233	-	-	60,233
Total Expenses	673,624	-	-	673,624
Change in net assets	874,454	31,480	140,656	1,046,590
Net assets, beginning of year	(95,709)	135,279	2,378,370	2,417,940
Net assets, end of year	$ 778,745	$ 166,759	$ 2,519,026	$ 3,464,530

VANDERBILT HILLEL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 248,487	$ 49,698	$ 33,131	$ 331,316
Occupancy	72,797	8,564	4,282	85,643
Holidays	47,016	2,612	2,612	52,240
Other programs	45,867	2,548	2,548	50,963
Shabbat dinners	42,905	2,384	2,384	47,673
Other	15,055	11,130	2,666	28,851
Spring break	25,488	1,416	1,416	28,320
Israel fellow	21,738	1,208	1,208	24,154
Travel	-	-	8,822	8,822
Printing	4,585	2,292	764	7,641
Supplies	2,401	1,200	400	4,001
Religious/clergy support	4,000	-	-	4,000
Total Expenses	$ 530,339	$ 83,052	$ 60,233	$ 673,624

VANDERBILT HILLEL, INC.
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

Cash flows from operating activities:	
Change in net assets	$ 1,046,590
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,849
Net gain on investments	(315,100)
Changes in operating assets and liabilities:	
Contributions receivable	522
Prepaid expense	(13,649)
Accounts payable and accrued expenses	11,263
Net cash provided by operating activities	731,475
Cash flows from investing activities:	
Purchases of furniture and equipment	(4,640)
Purchases of investments	(550,000)
Distributions from investments	140,410
Net cash used in investing activities	(414,230)
Cash flows from financing activities:	
Principal payments on note payable	(197,000)
Net cash used in financing activities	(197,000)
Net increase in cash and cash equivalents	120,245
Cash and cash equivalents, beginning of year	35,020
Cash and cash equivalents, end of year	$ 155,265
Supplemental disclosure of cash flow information:	
Interest paid	$ 2,783

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:

> *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 the Organization and/or the passage of time.
>
> *Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Contributions and Support – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature 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 temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the statement 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 unrestricted.

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.

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 fifty percent likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statements. The Organization had no uncertain tax positions at June 30, 2017.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

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.

Note 2—Summary of significant accounting policies (continued)

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

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

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

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

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

No changes in the valuation methodologies have been made during the period July 1, 2016 through June 30, 2017.

Endowment Funds – The Uniform Prudent Management Institutional Funds Act ("UPMIFA") was enacted in Tennessee effective July 1, 2007. The Not-for-Profit topic of the FASB ASC provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of UPMIFA. It also requires disclosure of a description of the governing board's interpretation of the law that underlies the Organization's net asset classification of donor-restricted endowment funds, a description of the Organization's policies for the appropriation of endowment assets for expenditures (its endowment spending policies), a description of the Organization's endowment investment policies, and additional disclosures not previously required.

Subsequent Events – The Organization evaluated subsequent events through February 13, 2018, when these financial statements were available to be issued. The Organization 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—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, 2017, the Organization's cash was fully insured.

For the year ended June 30, 2017, approximately 70% of total support and revenue was provided by two donors and by investment activity. The contributions received are not anticipated to recur in future periods. A significant reduction in the level of support from donors and investment activity could have an adverse effect on the operations of the Organization.

Note 4—Contributions receivable

The Organization has recorded unconditional promises to give in the accompanying statement 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, 2017.

Note 5—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, 2017:

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds	$ 2,158,215	$ -	$ -	$ 2,158,215
Alternative investment funds	-	-	493,392	493,392
Pooled investment accounts	-	783,834	-	783,834
Total	$ 2,158,215	$ 783,834	$ 493,392	$ 3,435,441

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, 2017:

Balance, June 30, 2016	$ 432,705
Unrealized gain	60,687
Balance, June 30, 2017	$ 493,392

Note 6—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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Note 6—Endowments (continued)

Endowments Net Asset Composition by Type of Fund as of June 30, 2017, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds	$ 783,835	$ 132,580	$ 2,519,026	$ 3,435,441
Total	$ 783,835	$ 132,580	$ 2,519,026	$ 3,435,441
Endowment net assets, beginning of year	$ 209,602	$ 122,779	$ 2,378,370	$ 2,710,751
Contribution	550,000	-	-	550,000
Gain, net	41,864	132,580	140,656	315,100
Release	(17,631)	(122,779)	-	(140,410)
Endowment net assets, end of year	$ 783,835	$ 132,580	$ 2,519,026	$ 3,435,441

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, 2017.

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 average fund principal during the preceding fiscal year.

Note 7—Temporarily restricted net assets

Total temporarily restricted net assets as of June 30, 2017, are available for the following purposes:

Endowment distribution for next year	$ 132,580
Contributions received to fund the following year's grants	28,000
Contributions receivable	6,179
Total temporarily restricted net assets	$ 166,759

Note 8—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.

The Organization entered into a note payable agreement with the Jewish Federation of Nashville and Middle Tennessee effective July 31, 2015. Principal and interest, at the rate of 4.25% per annum, were repaid on August 12, 2016.

Note 9—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% (4.5% at June 30, 2017). The line of credit is unsecured. The line of credit has a maturity date of December 2017 and was extended to December 2018 with the same terms. At June 30, 2017, no borrowings were outstanding under the line of credit agreement.

Note 10—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 twelve 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 $7,501 to the plan during the year ended June 30, 2017.

Note 11—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 year ended June 30, 2017 amounted to $85,643.

Future minimum lease payments required under the non-cancellable 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, 2017:

Years Ending June 30:		
2018	$	84,996
2019		84,996
2020		84,996
	$	254,988

Note 12—Related party transactions

A member of the Organization's Board of Directors serves as an officer of the bank utilized by the Organization. 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.