

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

**FINANCIAL STATEMENTS**

**August 31, 2009 and 2008**

**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 statements of financial position of Jewish Family Service of Nashville and Middle Tennessee, Inc. (the "Organization") as of August 31, 2009 and 2008 and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 August 31, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Frasier Dean & Howard PLLC*

January 13, 2010

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**August 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Cash	\$ 15,862	\$ 7,869
Grants receivable	2,530	2,013
United Way designations receivable	2,657	3,683
Accounts receivable, less allowance for doubtful accounts of \$2,000 in 2009 and 2008	6,406	8,133
Pledges receivable	2,300	5,275
Other receivables	1,340	443
Prepaid expenses	3,080	2,697
Investments	94,488	129,595
Property and equipment, net	2,729	1,522
Beneficial interests in trusts controlled by others	44,889	53,788
	<u>          </u>	<u>          </u>
Total assets	<u>\$ 176,281</u>	<u>\$ 215,018</u>
<b>Liabilities and Net Assets</b>		
Accounts payable	<u>\$ 9,334</u>	<u>\$ 16,432</u>
	<u>          </u>	<u>          </u>
Total liabilities	<u>9,334</u>	<u>16,432</u>
Net assets:		
Unrestricted	116,826	123,882
Temporarily restricted	5,232	791
Permanently restricted	44,889	73,913
	<u>          </u>	<u>          </u>
Total net assets	<u>166,947</u>	<u>198,586</u>
	<u>          </u>	<u>          </u>
Total liabilities and net assets	<u>\$ 176,281</u>	<u>\$ 215,018</u>

See accompanying notes to financial statements.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended August 31, 2009**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Support and revenue:				
Jewish Federation	\$ 162,662	\$ -	\$ -	\$ 162,662
Fundraiser, net of expenses of \$17,251	65,513	-	-	65,513
Fees, net	58,107	-	-	58,107
Public support received directly	25,402	5,235	-	30,637
Health and wellness fair	18,830	-	-	18,830
Other grants	18,500	-	-	18,500
Use of donated facilities	18,480	-	-	18,480
Helping Hands grant	16,500	-	-	16,500
United Way	9,144	-	-	9,144
Investment income	4,740	-	-	4,740
Community Health Charities of TN	1,789	-	-	1,789
Memorial fund earnings	1,018	-	-	1,018
Combined Federal Campaign/HCA Caring	186	-	-	186
Net assets released from restrictions	794	(794)	-	-
Total support and revenue	401,665	4,441	-	406,106
Expenses:				
Program services:				
Adoption and counseling	248,093	-	-	248,093
Family and community education	30,703	-	-	30,703
Helping Hands	20,899	-	-	20,899
Kosher food box	9,660	-	-	9,660
Total program services	309,355	-	-	309,355
Management and general	75,788	-	-	75,788
Total expenses	385,143	-	-	385,143
Change in net assets from operations	16,522	4,441	-	20,963
Net loss on investments	(23,578)	-	(8,706)	(32,284)
Change in net assets before transfers	(7,056)	4,441	(8,706)	(11,321)
Transfer of permanently restricted endowment	-	-	(20,318)	(20,318)
Net assets, beginning of year	123,882	791	73,913	198,586
Net assets, end of year	\$ 116,826	\$ 5,232	\$ 44,889	\$ 166,947

See accompanying notes to financial statements.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended August 31, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Jewish Federation	\$ 173,317	\$ -	\$ -	\$ 173,317
Fundraiser, net of expenses of \$15,788	75,724	-	-	75,724
Fees, net	51,161	-	-	51,161
Public support received directly	8,701	860	25,000	34,561
Use of donated facilities	18,480	-	-	18,480
Helping Hands grant	17,346	-	-	17,346
Other grants	14,849	-	-	14,849
Investment income	12,283	-	-	12,283
United Way	5,633	-	-	5,633
Health and wellness fair	3,503	-	-	3,503
Community Health Charities of TN	2,491	-	-	2,491
Auto donations	1,992	-	-	1,992
Combined Federal Campaign/HCA Caring	1,239	-	-	1,239
Net assets released from restrictions	3,488	(3,488)	-	-
Total support and revenue	390,207	(2,628)	25,000	412,579
Expenses:				
Program services:				
Adoption and counseling	241,494	-	-	241,494
Helping Hands	26,161	-	-	26,161
Family and community education	12,375	-	-	12,375
Total program services	280,030	-	-	280,030
Management and general	94,105	-	-	94,105
Total expenses	374,135	-	-	374,135
Change in net assets from operations	16,072	(2,628)	25,000	38,444
Net loss on investments	(25,227)	-	(4,111)	(29,338)
Change in net assets	(9,155)	(2,628)	20,889	9,106
Net assets, beginning of year	133,037	3,419	53,024	189,480
Net assets, end of year	<u>\$ 123,882</u>	<u>\$ 791</u>	<u>\$ 73,913</u>	<u>\$ 198,586</u>

See accompanying notes to financial statements.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended August 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ (11,321)	\$ 9,106
Adjustments to reconcile change in net assets to net cash provided by (used) in operating activities:		
Depreciation	751	349
Net realized and unrealized loss on investments	32,284	29,338
Permanently restricted donations received	-	(25,000)
Change in beneficial interests in trusts controlled by others	8,899	(21,082)
Changes in operating assets and liabilities:		
Grants receivable	(517)	4,574
United Way designations receivable	1,026	(168)
Accounts receivable	1,727	(2,376)
Pledges receivable	2,975	(2,825)
Other receivables	(897)	(221)
Prepaid expenses	(383)	(498)
Accounts payable	(7,098)	329
Net cash provided by (used in) operating activities	<u>27,446</u>	<u>(8,474)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(1,958)	(1,314)
Purchases of investments	(61,757)	(114,432)
Proceeds from sale of investments	<u>64,580</u>	<u>104,262</u>
Net cash provided by (used in) investing activities	<u>865</u>	<u>(11,484)</u>
Cash flows from financing activities:		
Collection of permanently restricted donations	-	25,000
Transfer of permanently restricted net assets	<u>(20,318)</u>	<u>-</u>
Net cash (used in) provided by financing activities	<u>(20,318)</u>	<u>25,000</u>
Increase in cash	7,993	5,042
Cash at beginning of year	<u>7,869</u>	<u>2,827</u>
Cash at end of year	<u>\$ 15,862</u>	<u>\$ 7,869</u>

See accompanying notes to financial statements.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended August 31, 2009**

	Program Services				Management and General	
	Adoption and Counseling	Family and Community Education	Helping Hands	Kosher Food Box	Total	Total
Salaries	\$ 143,379	\$ 11,644	\$ 14,094	\$ 6,477	\$ 175,594	\$ 225,740
Employee health and retirement benefits	19,492	1,638	18	193	21,341	23,895
Payroll taxes	11,145	887	1,124	445	13,601	17,570
Total payroll expenses	174,016	14,169	15,236	7,115	210,536	267,205
Professional fees	19,334	6,277	1,103	51	26,765	33,272
Rent	9,696	800	2,047	394	12,937	18,482
Conferences, conventions and meetings	9,979	2,889	1,205	112	14,185	14,806
Supplies	4,033	5,241	279	965	10,518	11,923
Specific assistance to individuals	11,499	-	-	-	11,499	11,499
Marketing and public relations	8,517	433	634	78	9,662	10,485
Insurance	2,240	225	16	686	3,167	4,124
Telephone	2,612	186	16	107	2,921	3,923
Travel	1,692	170	358	81	2,301	2,475
Dues	1,708	126	-	4	1,838	2,439
Postage	1,430	78	-	54	1,562	1,958
Recruitment	868	88	4	9	969	1,337
Depreciation	114	-	-	-	114	751
Taxes and licenses	355	21	1	4	381	464
Total expenses	\$ 248,093	\$ 30,703	\$ 20,899	\$ 9,660	\$ 309,355	\$ 385,143

See accompanying notes to financial statements.



**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended August 31, 2008**

	Program Services				Management and General	Total
	Adoption and Counseling	Helping Hands	Family and Community Education	Total		
Salaries	\$ 131,586	\$ 16,982	\$ 6,886	\$ 155,454	\$ 57,865	\$ 213,319
Employee health and retirement benefits	19,886	596	1,002	21,484	4,913	26,397
Temporary/contract services	11,859	389	721	12,969	5,102	18,071
Payroll taxes	10,212	1,397	539	12,148	3,984	16,132
Total payroll expenses	173,543	19,364	9,148	202,055	71,864	273,919
Professional fees	20,420	1,767	869	23,056	7,128	30,184
Rent	9,760	2,222	481	12,463	6,016	18,479
Supplies	7,032	1,247	299	8,578	2,223	10,801
Conferences, conventions and meetings	8,362	941	29	9,332	477	9,809
Marketing and public relations	4,987	142	737	5,866	2,474	8,340
Specific assistance to individuals	7,772	-	-	7,772	-	7,772
Telephone	2,821	51	123	2,995	1,186	4,181
Dues	1,895	-	105	2,000	662	2,662
Postage	1,490	128	474	2,092	443	2,535
Insurance	1,583	39	76	1,698	816	2,514
Travel	1,514	254	12	1,780	361	2,141
Taxes and licenses	277	6	22	305	144	449
Depreciation	38	-	-	38	311	349
Total expenses	\$ 241,494	\$ 26,161	\$ 12,375	\$ 280,030	\$ 94,105	\$ 374,135

See accompanying notes to financial statements.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2009 and 2008**

**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.

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

The financial statements of Jewish Family Service have been prepared 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 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. An endowment fund in the original amount of \$20,318 and its related earnings was transferred to the Jewish Federation during the year ended August 31, 2009. These funds will continue to be used to support a program of Jewish Family Service.

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.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2009 and 2008**

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

**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.

Pledges receivable 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.

United Way receivables are recorded when notice is received that a future donation will occur. Grant revenue is recorded when expenditures are incurred that will be reimbursed by the grantor.

**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.

**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.

**Program and Supportive Services**

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

Adoption and counseling – provides adoption services and on-going individual group, family and marital counseling using various therapeutic approaches. Emergency financial assistance, and case management services are also provided.

Helping Hands – supports senior adults and people with disabilities in the Nashville Jewish community. Helping Hands is made possible by a grant from the Jewish Foundation of the Jewish Federation ("Jewish Federation") of Nashville and Middle Tennessee.

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)**  
**August 31, 2009 and 2008**

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

Kosher food box – provides a monthly food box to individuals or families in need. The box contains non-perishable Kosher food items. Recipients are interviewed by a social worker to determine eligibility.

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 the Helping Hands program 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 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.

**Cash**

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

**Restricted Endowment Funds**

During 2008, the Staff of the Financial Accounting Standards Board ("FASB") issued FASB Staff Position No. FAS 117-1 Endowments of Not-for-Profit Organizations: *Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management Institutional funds Act, and Enhanced Disclosures of all Endowment Funds* ("FSP 117-1"). The provisions of the FSP are

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2009 and 2008**

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

**Restricted Endowment Funds (Continued)**

effective for fiscal years ending after December 15, 2008. Jewish Family Service adopted FSP 117-1 during fiscal year 2009. The related Uniform Prudent Management Institutional Funds Act (“UPMIFA”) was enacted in Tennessee effective July 1, 2007. This FSP requires that the amount of permanently restricted net assets cannot be reduced by losses on investments of funds or by an organization’s expenditures from the fund unless the donor required the gift to be held in specific investments. It also requires disclosure of a description of the governing board’s interpretation of the law that underlies Jewish Family Service’s net asset classification of donor-restricted endowment funds, a description of Jewish Family Service’s policies for the appropriation of endowment assets for expenditures (its endowment spending policies), a description of Jewish Family Service’s endowment investment policies, and additional disclosures not previously required.

**NOTE 3 – GRANTS RECEIVABLE**

Grants receivable consist of the following as at August 31:

	<u>2009</u>	<u>2008</u>
Jewish Federation – Helping Hands	\$ 2,530	\$ 1,725
Jewish Family Service singles grant	<u>-</u>	<u>288</u>
	<u>\$ 2,530</u>	<u>\$ 2,013</u>

**NOTE 4 – FAIR VALUE MEASUREMENTS**

Jewish Family Service has adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (“SFAS No. 157”), 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 (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under SFAS No. 157 are described below:

- Level 1    inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2009 and 2008**

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

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.

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.

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 August 31, 2009 and 2008.

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

*Israel bonds and fixed income funds:* Valued using observable inputs including benchmark yields, reported trades, broker/dealer quotes or alternative pricing sources with reasonable levels of price transparency

*Real estate funds:* Valued by the custodian based on the last prior sales price on the principal board of trade or other contracts market or by quotations from the contra party bank.

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.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2009 and 2008**

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

Basis of fair value measurement for investments consists of the following at August 31:

	<u>2009</u>		<u>2008</u>	
	<u>Fair Market Value</u>	<u>Quoted Prices in Active Markets for Identical Items (Level 1)</u>	<u>Fair Market Value</u>	<u>Quoted Prices in Active Markets for Identical Items (Level 1)</u>
Mutual funds	\$ 65,230	\$ 65,230	\$ 108,828	\$ 108,828
Money market funds	<u>29,258</u>	<u>29,258</u>	<u>20,767</u>	<u>20,767</u>
	<u>\$ 94,488</u>	<u>\$ 94,488</u>	<u>\$ 129,595</u>	<u>\$ 129,595</u>

**NOTE 5 – INVESTMENTS**

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

Investments consist of the following at August 31:

	<u>2009</u>	<u>2008</u>
Mutual funds	\$ 65,230	\$ 108,828
Money market funds	<u>29,258</u>	<u>20,767</u>
	<u>\$ 94,488</u>	<u>\$ 129,595</u>

The following schedule summarizes the investment income in the statements of activities at August 31:

	<u>2009</u>	<u>2008</u>
Investment income	\$ <u>4,740</u>	\$ <u>12,283</u>
Unrealized (loss) gain on investments	\$ (20,704)	\$ (29,338)
Realized (loss) gain on investments	<u>(11,580)</u>	<u>-</u>
Net (loss) gain on investments	<u>\$ (32,284)</u>	<u>\$ (29,338)</u>

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2009 and 2008**

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at August 31:

	<u>2009</u>	<u>2008</u>
Furniture, equipment and software	\$ 32,599	\$ 30,640
Less accumulated depreciation	<u>(29,870)</u>	<u>(29,118)</u>
	<u>\$ 2,729</u>	<u>\$ 1,522</u>

**NOTE 7 – BENEFICIAL INTERESTS IN TRUSTS CONTROLLED BY OTHERS**

The Jewish Foundation of the Jewish Federation holds the Al Beit Memorial Fund, the Elise Steiner Fund, the Kopald Berkell Professional Education Fund, and the Jeffrey and Donna Eskind Family Fund for the benefit of Jewish Family Service. Jewish Family Service periodically receives distributions from the funds. Net realized and unrealized gains (losses) related to the beneficial interests are reported as changes in permanently restricted net assets based on explicit donor restrictions.

The following table sets forth by level, within the fair value hierarchy, the Federation's assets at fair value at August 31, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 1,576	\$ -	\$ -	\$ 1,576
Equity Funds	21,690	-	-	21,690
Israel bonds and fixed income funds	-	15,639	-	15,639
Real estate funds	<u>-</u>	<u>-</u>	<u>5,984</u>	<u>5,984</u>
	<u>\$ 23,266</u>	<u>\$ 15,639</u>	<u>\$ 5,984</u>	<u>\$ 44,889</u>

**NOTE 8 – NET ASSETS**

Jewish Family Service has received contributions from donors with the stipulation that such contributions are to be used for specific purposes.



**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2009 and 2008**

**NOTE 8 – NET ASSETS (Continued)**

Temporarily restricted net assets consist of the following at August 31:

	<u>2009</u>	<u>2008</u>
Community Support	\$ 3,100	\$ -
Wall of Remembrance Fund	105	105
Helping Hands Fund	1,714	14
Needy Family Assistance Fund	<u>313</u>	<u>672</u>
	<u>\$ 5,232</u>	<u>\$ 791</u>

Permanently restricted net assets are required by donors to be held in perpetuity with the income from such assets expendable to support certain programs. Permanently restricted net assets consist of the following at August 31:

	<u>2009</u>	<u>2008</u>
Jeffrey and Donna Eskind Family Fund	\$ 19,518	\$ 22,967
Earl Kirshner Adoption Free Loan Fund	-	20,318
Al Beit Memorial Fund	8,479	10,580
Elise Steiner Designated Fund	8,451	10,030
Kopald Berkell Professionals Education Fund	<u>8,441</u>	<u>10,018</u>
	<u>\$ 44,889</u>	<u>\$ 73,913</u>

Jewish Family Service's endowment consists of donor restricted gifts held in investment accounts. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Directors of Jewish Family Service has interpreted the Uniform Management of Institutional Funds Act (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. As a result of this interpretation, Jewish Family Service 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.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2009 and 2008**

**NOTE 8 – NET ASSETS (Continued)**

**2009 Endowment Net Asset Composition by Type of Fund as of August 31, 2009:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ 631	\$ -	\$ 44,889	\$ 45,520

**Changes in Endowment Net Assets for the fiscal year ended August 31, 2009:**

Endowment net assets, beginning of year	\$ 193	\$ -	\$ 73,913	\$ 74,106
Investment return:				
Investment income	1,018	-	-	1,018
Net depreciation (realized and unrealized)	-	-	(8,706)	(8,706)
Total investment return	1,018	-	(8,706)	(7,688)
Other changes:				
Appropriation of endowment assets for expenditure	(580)	-	-	(580)
Transfer to related organization	-	-	(20,318)	(20,318)
Total other changes	(580)	-	(20,318)	(20,898)
Endowment net assets, end of year	\$ 631	\$ -	\$ 44,889	\$ 45,520

**2008 Endowment Net Asset Composition by Type of Fund as of August 31, 2008:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ 193	\$ -	\$ 73,913	\$ 74,106

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2009 and 2008**

**NOTE 8 – NET ASSETS (Continued)**

**Changes in Endowment Net Assets for the fiscal year ended August 31, 2008:**

Endowment net assets, beginning of year	\$ 1,248	\$ -	\$ 53,024	\$ 54,272
Investment return:				
Investment income	713	-	-	713
Net depreciation (realized and unrealized)	<u>(904)</u>	<u>-</u>	<u>(4,111)</u>	<u>(5,015)</u>
Total investment return	<u>(191)</u>	<u>-</u>	<u>(4,111)</u>	<u>(4,302)</u>
Other changes:				
Contributions	-	-	25,000	25,000
Appropriation of endowment assets for expenditure	<u>(864)</u>	<u>-</u>	<u>-</u>	<u>(864)</u>
Total other changes	<u>(864)</u>	<u>-</u>	<u>25,000</u>	<u>24,136</u>
Endowment net assets, end of year	<u>\$ 193</u>	<u>\$ -</u>	<u>\$ 73,913</u>	<u>\$ 74,106</u>

**NOTE 9 – RELATED PARTY TRANSACTIONS**

Jewish Family Service's office space is located in the Gordon Jewish Community Center. They do not pay rent, but the use of donated facilities is recorded at its estimated value. Donated facilities amounted to \$18,480 in 2009 and 2008.

**NOTE 10 – PENSION PLAN**

Jewish Family Service employees who meet certain participation requirements may elect to participate in a defined contribution plan. Participants must contribute a minimum of 1% of their covered wages and may contribute up to a maximum of 20% each year, with Jewish Family Service making a matching contribution of up to 5% of covered wages. Pension expense for matching contributions amounted to \$5,844 in 2009 and \$8,095 in 2008.

**JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**August 31, 2009 and 2008**

**NOTE 11 – CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject Jewish Family Service to concentrations of credit risk consist of grants, accounts and United Way designations receivable. Accounts receivable consist of client accounts and are widely dispersed to mitigate credit risk. Grant and United Way receivables represent concentrations of credit risk to the extent that they are receivable from concentrated sources.

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 statements of financial position.

**NOTE 12 – SUBSEQUENT EVENTS**

Jewish Family Service evaluated subsequent events through January 13, 2010, when these financial statements were available to be issued. We are 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.