

VANDERBILT HILLEL, INC.

FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2023 AND 2022

VANDERBILT HILLEL, INC.
FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR’S REPORT

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INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Vanderbilt Hillel, Inc. (the "Organization"), a Tennessee nonprofit, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibility under those standards is further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OTHER MATTER

The financial statements of the Organization as of June 30, 2022 were audited by other auditors, whose report dated February 9, 2023, expressed an unmodified opinion on those statements.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

REPORT ON SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 21 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
February 15, 2024

VANDERBILT HILLEL, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 863,111	\$ 424,057
Contributions receivable	42,878	27,835
Prepaid expenses	3,397	4,976
Investments held by the Jewish Federation of Nashville and Middle Tennessee	4,194,277	4,129,741
Other assets - donated art	141,141	-
Right-of-use asset - operating lease	960,250	-
Furniture and equipment, net of accumulated depreciation of \$16,338 and \$14,382, respectively	<u>6,653</u>	<u>8,609</u>
TOTAL ASSETS	<u>\$ 6,211,707</u>	<u>\$ 4,595,218</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 59,728	\$ 56,605
Operating lease liability	<u>975,780</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,035,508</u>	<u>56,605</u>
<u>NET ASSETS</u>		
Without donor restrictions		
Designated endowment	1,417,056	1,405,789
Board designated	195,092	135,092
Undesignated	<u>77,668</u>	<u>94,689</u>
Total without donor restrictions	1,689,816	1,635,570
With donor restrictions	<u>3,486,383</u>	<u>2,903,043</u>
TOTAL NET ASSETS	<u>5,176,199</u>	<u>4,538,613</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,211,707</u>	<u>\$ 4,595,218</u>

See accompanying notes to financial statements.

VANDERBILT HILLEL, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants and other support	\$ 428,459	\$ 85,894	\$ 514,353
In-kind contribution - donated art	141,141	-	141,141
Net gain on investments	81,557	189,466	271,023
Capital campaign	-	579,582	579,582
Annual campaign	212,172	-	212,172
Net assets released from restrictions	<u>271,602</u>	<u>(271,602)</u>	<u>-</u>
 TOTAL SUPPORT AND REVENUE	 <u>1,134,931</u>	 <u>583,340</u>	 <u>1,718,271</u>
 EXPENSES			
Program services	828,198	-	828,198
Supporting Services			
Management and general	185,891	-	185,891
Fundraising	<u>66,595</u>	<u>-</u>	<u>66,595</u>
 TOTAL EXPENSES	 <u>1,080,685</u>	 <u>-</u>	 <u>1,080,685</u>
 CHANGE IN NET ASSETS	 54,246	 583,340	 637,586
 NET ASSETS - BEGINNING OF YEAR	 <u>1,635,570</u>	 <u>2,903,043</u>	 <u>4,538,613</u>
 NET ASSETS - END OF YEAR	 <u>\$ 1,689,816</u>	 <u>\$ 3,486,383</u>	 <u>\$ 5,176,199</u>

See accompanying notes to financial statements.

VANDERBILT HILLEL, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants and other support	\$ 406,635	\$ 50,540	\$ 457,175
Net loss on investments	(123,313)	(267,896)	(391,209)
Annual campaign	234,237	-	234,237
Net assets released from restrictions	<u>207,096</u>	<u>(207,096)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>724,655</u>	<u>(424,452)</u>	<u>300,203</u>
EXPENSES			
Program services	688,368	-	688,368
Supporting Services			
Management and general	108,002	-	108,002
Fundraising	<u>77,331</u>	<u>-</u>	<u>77,331</u>
TOTAL EXPENSES	<u>873,701</u>	<u>-</u>	<u>873,701</u>
CHANGE IN NET ASSETS	(149,046)	(424,452)	(573,498)
NET ASSETS - BEGINNING OF YEAR	<u>1,784,616</u>	<u>3,327,495</u>	<u>5,112,111</u>
NET ASSETS - END OF YEAR	<u>\$ 1,635,570</u>	<u>\$ 2,903,043</u>	<u>\$ 4,538,613</u>

See accompanying notes to financial statements.

VANDERBILT HILLEL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 354,338	\$ 70,868	\$ 47,244	\$ 472,450
Security	-	63,697	-	63,697
Occupancy	106,165	12,490	6,245	124,900
Shabbat dinners	54,136	-	-	54,136
Israel fellow	35,671	3,963	-	39,634
Holidays - food and other event costs	41,595	-	-	41,595
Other programs	106,391	-	-	106,391
Other	13,945	14,070	-	28,015
Travel	5,595	-	12,321	17,916
Education and conferences	-	18,447	-	18,447
Printing	2,890	1,445	482	4,816
Religious clergy support	5,816	-	-	5,816
Supplies	1,822	911	304	3,037
Maccabee Task Force - Israel trip expense	<u>99,835</u>	<u>-</u>	<u>-</u>	<u>99,835</u>
TOTAL EXPENSES	<u>\$ 828,198</u>	<u>\$ 185,891</u>	<u>\$ 66,595</u>	<u>\$ 1,080,685</u>

See accompanying notes to financial statements.

VANDERBILT HILLEL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 360,239	\$ 72,048	\$ 48,031	\$ 480,318
Occupancy	91,920	10,814	5,407	108,141
Shabbat dinners	57,782	-	-	57,782
Israel fellow	32,038	3,560	-	35,598
Holidays - food and other event costs	49,308	-	-	49,308
Other programs - food and other event costs	70,916	-	17,100	88,016
Other	15,599	10,056	2,192	27,847
Travel	3,884	8,783	3,688	16,355
Printing	3,314	1,657	552	5,523
Religious clergy support	1,200	-	-	1,200
Supplies	2,168	1,084	361	3,613
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	\$ 688,368	\$ 108,002	\$ 77,331	\$ 873,701
	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying notes to financial statements.

VANDERBILT HILLEL, INC.
STATEMENTS OF CASH FLOWS
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 637,586	\$ (573,498)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	1,956	2,804
Net (gain) loss on investments	(271,023)	391,209
Capital campaign contributions	(579,582)	-
Decrease (increase) in:		
Contributions receivable	(15,043)	(21,835)
Prepaid expense	1,579	(4,225)
Donated art	(141,141)	-
Operating right-of-use asset	93,317	-
Increase (decrease) in:		
Accounts payable and accrued expenses	3,123	7,794
Operating lease liabilities	(77,787)	-
Deferred grant revenue	-	(77,302)
TOTAL ADJUSTMENTS	<u>(984,601)</u>	<u>298,445</u>
NET CASH (USED IN) OPERATING ACTIVITIES	<u>(347,015)</u>	<u>(275,053)</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	-	(3,552)
Distributions from investments	<u>206,487</u>	<u>238,904</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>206,487</u>	<u>235,352</u>
FINANCING ACTIVITIES		
Collections on capital campaign contributions	<u>579,582</u>	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>579,582</u>	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	439,054	(39,701)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>424,057</u>	<u>463,758</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 863,111</u>	<u>\$ 424,057</u>
NONCASH TRANSACTIONS:		
Right-of-use asset obtained with lease liability	<u>\$ 1,053,567</u>	<u>\$ -</u>

See accompanying notes to financial statements.

VANDERBILT HILLEL, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 1 - GENERAL

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

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with generally accepted accounting principles (“GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose 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 with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. 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.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

Revenue Recognition

Contributions - Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is made.

A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

VANDERBILT HILLEL, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Unconditional contributions of cash and other assets, including contributions receivable (unconditional promises to give), are recorded as revenue based upon any donor-imposed restrictions on the date of the donor's commitment or gift. Noncash contributions are recorded at the estimated fair value at the date of the gift.

Contributions receivable is recorded when notice is received that a future unconditional donation will occur. No discounts are recorded on contributions receivable that are due within 12 months. All contributions receivable at June 30, 2023 and 2022 are due within 12 months. Management considers all contributions at June 30, 2023 and 2022 to be fully collectible. As such, no allowance is recorded.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in various bank accounts, and all highly liquid investments with an original maturity of three months or less when purchased.

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. Unrealized gains and losses are recognized annually based on the change in aggregate fair value.

Property and Equipment

Property and equipment are stated at acquisition cost, or estimated fair value at the time of the gift if donated, less accumulated depreciation, as calculated by the straight-line method, over the estimated useful lives of the assets, which range from 3 to 39 years.

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Organization assesses recoverability of the carrying value of the asset by estimating future net cash flows expected to result from the assets, including eventual disposition. If the future cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and its estimated fair value.

VANDERBILT HILLEL, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

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

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Organization's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

Fair Value Measurements

The Organization classifies its assets and liabilities measured at fair value based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available) and Level 3 (valued based on significant unobservable inputs).

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 used 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 - 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.

There have been no changes in the valuation methodologies since the prior year.

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 the Organization believes its valuation methodologies are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

VANDERBILT HILLEL, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization made an accounting policy election available under Topic 842 not to recognize right-of-use (“ROU”) assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization used the discount rate implicit in the lease agreement, if readily determinable. For leases in which the rate implicit in the lease agreement is not readily determinable, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Allocation of Functional 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year numbers have been reclassified to conform with current year presentation. These reclasses had no effect on the prior year change in net assets or ending net assets as previously presented.

VANDERBILT HILLEL, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Events Occurring after Reporting Date

The Organization has evaluated events and transactions that occurred between June 30, 2023 and February 15, 2024, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Codification (“ASC”) Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a ROU asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statements of activities. The Organization adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization’s historical accounting treatment under ASC Topic 840, *Leases*.

The Organization elected the package of practical expedients under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases.

The Organization has not elected to adopt the “hindsight” practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on July 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

VANDERBILT HILLEL, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Organization's operating leases of approximately \$1,054,000 and \$1,054,000, respectively, at July 1, 2022. The adoption of the new lease standard did not materially impact net earnings or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

NOTE 4 - 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. As a part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Financial assets available for general expenditures, that is, without donor restriction or other restrictions limiting their use, within one year of the statements of financial position comprise the following at June 30:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 863,111	\$ 424,057
Contributions receivable	42,878	27,835
Investments held by the Jewish Federation	<u>4,194,277</u>	<u>4,129,741</u>
Total financial assets	<u>5,100,266</u>	<u>4,581,633</u>
Less amounts not available to be used for general expenditures within one year		
Assets subject to designations	(1,612,148)	(1,540,883)
Assets subject to restrictions	(3,486,383)	(2,903,043)
Less payout on donor-restricted endowments for use over the next 12 months	<u>138,861</u>	<u>136,198</u>
Total amounts not available to be used for general expenditures within one year	<u>(4,959,670)</u>	<u>(4,307,728)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 140,596</u>	<u>\$ 273,905</u>

VANDERBILT HILLEL, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 5 - CREDIT RISK AND OTHER CONCENTRATIONS

The Organization maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. The Organization's cash balances may, at times, exceed statutory limits. The Organization has not experienced any losses in such accounts, and management considers this to be a normal business risk.

There were no revenue concentrations during the year ending June 30, 2023. For the year ending June 30, 2022, approximately 36% of total support and revenue was provided by two donors. The Organization is dependent upon endowment distributions to fund a portion of its annual budget.

NOTE 6 - FAIR VALUE MEASUREMENTS

The Organization's investments consist of an interest in pooled funds all held by the Jewish Federation. The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at June 30:

<u>2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-
Pooled investment funds*				<u>4,194,277</u>
Total investments at fair value				<u>\$ 4,194,277</u>
<u>2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-
Pooled investment funds*				<u>4,129,741</u>
Total investments at fair value				<u>\$ 4,129,741</u>

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient:

	<u>Fair Value</u> <u>2023</u>	<u>Fair Value</u> <u>2022</u>	<u>Unfunded</u> <u>Commitments</u>	<u>Redemption*</u> <u>Frequency</u>	<u>Redemption*</u> <u>Notice</u>
Pooled investment accounts	\$ -	\$ -	\$ -	immediate	30 days

VANDERBILT HILLEL, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)

*Investments are measured at fair value using net asset value ("NAV") per share, or its equivalent, as a practical expedient and have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the investments at fair value line item presented in the Statements of Financial Position.

The pooled investment funds are maintained under an agreement with the Jewish Federation (the "Endowment Fund"). Under the agreement, the Organization funds placed with the Endowment Fund are to be invested in a manner consistent with the Endowment Fund's investment objectives. Investment income recognized by the Organization includes the Organization's share of any gains or losses on such pooled funds. The agreement may be terminated within 30 days and the funds distributed within 90 days.

NOTE 7 - LEASES

The Organization leases office space under an operating lease agreement that has an initial term of 10 years. Operating lease cost is recognized on a straight-line basis over the lease term.

The Organization leases office space under an operating lease from Vanderbilt University. Payments under this lease, which continue through 2032, totaled approximately \$ 106,090 and \$103,000 during the years ended June 30, 2023 and June 30, 2022, respectively.

The components of lease expense are as follows for the year ended June 30, 2023:

Operating lease cost	<u>\$ 121,620</u>
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Additional information related to leases is as follows as of June 30, 2023:

Operating lease:

Operating lease right-of-use asset	<u>\$ 960,250</u>
Current maturities of operating lease liability	\$ 83,201
Operating lease liability, non-current	<u>892,579</u>
Total operating lease liability	<u>\$ 975,780</u>

Weighted-average remaining lease term:

Operating lease	9.5 years
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Weighted-average discount rate:

Operating lease	2.8%
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VANDERBILT HILLEL, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 7 - LEASES (CONTINUED)

Future undiscounted cash flows and a reconciliation to the lease liability recognized on the statements of financial position are as follows as of June 30, 2023:

	<u>Operating Leases</u>
2024	\$ 109,273
2025	112,551
2026	115,927
2027	119,405
2028	122,987
Thereafter	<u>529,971</u>
Total lease payments	1,110,115
Less imputed interest	<u>(134,335)</u>
Total present value of lease liability	<u><u>\$ 975,780</u></u>

Future minimum lease payments under Topic 840 for the year ended June 30, 2022 were as follows:

2023	\$ 103,000
2024	106,090
2025	109,273
2026	112,551
2027	115,927
Thereafter	<u>633,938</u>
Total minimum lease payments	<u><u>\$ 1,180,779</u></u>

NOTE 8 - 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.

The Organization has interpreted Uniform Prudent Management of Institutional Funds Act of 2006 ("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 restrictions to the contrary. The Organization classifies as net assets held in perpetuity the sum of (a) the original value of gifts donated to the permanent endowments, (b) the original value of subsequent gifts to the permanent endowments, and (c) accumulations to the permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

VANDERBILT HILLEL, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 8 - ENDOWMENTS (CONTINUED)

The remaining donor-restricted endowment funds that are not classified as held in perpetuity are 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.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) General economic conditions;
- (2) The possible effect of inflation and deflation;
- (3) The expected tax consequences, if any, of investment decisions or strategies;
- (4) The role that each investment or course of actions plays within the overall investment portfolio;
- (5) The expected total return from income and appreciation of investments;
- (6) Other resources of the Organization;
- (7) The needs of the Organization and the endowment funds to make distributions and to preserve capital; and
- (8) An asset's special relationship or special value, if any, to the charitable purposes of the Organization.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain 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 any entity-designated funds. To satisfy its long-term return objectives, the Organization relies on a total return strategy in which the investment returns are achieved through both capital appreciation (realized and unrealized) and current yield interest and dividends.

The Organization has a policy of appropriating an annual distribution from the endowments of 5% of the ending balance of the preceding fiscal year.

Endowments net asset composition by type of fund as of June 30, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets - Beginning of year	\$ 1,405,789	\$ 2,723,952	\$ 4,129,741
Contributions	-	-	-
Gain (loss) - net	81,556	189,466	271,022
Releases	<u>(70,289)</u>	<u>(136,197)</u>	<u>(206,486)</u>
Endowment net assets - End of year	<u>\$ 1,417,056</u>	<u>\$ 2,777,221</u>	<u>\$ 4,194,277</u>

VANDERBILT HILLEL, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 8 - ENDOWMENTS (CONTINUED)

Endowments net asset composition by type of fund as of June 30, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets - Beginning of year	\$ 1,609,974	\$ 3,149,880	\$ 4,759,854
Contributions	-	-	-
Gain (loss) - net	(123,313)	(267,896)	(391,209)
Releases	<u>(80,872)</u>	<u>(158,032)</u>	<u>(238,904)</u>
Endowment net assets - End of year	<u>\$ 1,405,789</u>	<u>\$ 2,723,952</u>	<u>\$ 4,129,741</u>

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Total net assets with donor restrictions are available for the following purposes as of June 30:

	<u>2023</u>	<u>2022</u>
Donor restricted endowment	\$ 2,777,221	\$ 2,723,952
Unexpended capital campaign collections	617,210	-
Contribution restricted for other uses (including Maccabee Task Force Grant of \$10,165 and \$100,667 for the years ended 2023 and 2022, respectively)	<u>91,952</u>	<u>179,091</u>
Total net assets with donor restrictions	<u>\$ 3,486,383</u>	<u>\$ 2,903,043</u>

The Organization commenced a capital campaign during fiscal year 2023 for the renovation of the Schulman Center for Jewish Life where Vanderbilt Hillel currently operates. During the fiscal year ending June 30, 2023, \$579,582 was donated towards the campaign along with \$37,628 collected during the fiscal year ending June 30, 2020.

NOTE 10 - DEFERRED GRANT REVENUE

In response to the COVID-19 pandemic, the Paycheck Protection Program ("PPP") was established under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and administered by the Small Business Administration ("SBA"). The Organization received forgiveness for the PPP loan during the year ended June 30, 2022 and recognized \$77,302 as grant revenue.

VANDERBILT HILLEL, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

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, 2024. At June 30, 2023, 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 \$10,713 and \$12,822 to the plan during the years ended June 30, 2023 and 2022, respectively.

NOTE 13 - DONATED ART

On April 30, 2023, The Organization was gifted a collection of art from the Benjamin D. and Ruby G. Schulman Foundation. The donation consisted of various pieces including paintings, and sketches. The contribution is valued at \$141,141 based on sales price for certain art pieces sold subsequent to year end or appraisal value for unsold art. The Organization recognized the contribution as revenue and other assets - donated art as of June 30, 2023.

NOTE 14 - RELATED PARTY TRANSACTIONS

The Organization receives grants from the Jewish Federation who also holds the Organization's endowment funds.

SUPPLEMENTARY INFORMATION

VANDERBILT HILLEL, INC.

SCHEDULE OF MACCABEE TASK FORCE GRANT EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2023

Israel trip expense	\$ 99,835
Trip recruitment interns	1,000
Hillel general budget	10,000
Commodores for Israel general budget	1,000
Hillel student board general budget	1,000
Tikkun Olam Makers general budget	500
Hillel Israel advocacy course	3,953
Israel Peace Week	1,500
Campus lectures and film screenings	800
Coalition building dinners	1,500
Leadership dinner	1,000
Faces of Israel	747
Hillel campus Israel lunches/coffee dates	500
Marketing support	500
	<hr/>
	\$ 123,835

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, 2023. 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.