

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

FINANCIAL STATEMENTS

August 31, 2010 and 2009

**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. (a nonprofit organization) as of August 31, 2010 and 2009 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, 2010 and 2009 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 18, 2011

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
STATEMENTS OF FINANCIAL POSITION
August 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash	\$ 53,089	\$ 15,862
Grants receivable	-	2,530
United Way designations receivable	1,513	2,657
Accounts receivable, less allowance for doubtful accounts of \$110 and \$2,000 in 2010 and 2009	7,676	6,406
Pledges receivable	-	2,300
Other receivables	1,291	1,340
Prepaid expenses	3,031	3,080
Investments	139,246	94,488
Property and equipment, net	2,000	2,729
Beneficial interests in trusts controlled by others	47,878	44,889
	<u>\$ 255,724</u>	<u>\$ 176,281</u>
Total assets		
Liabilities and Net Assets		
Accounts payable	\$ 8,748	\$ 9,334
	<u>8,748</u>	<u>9,334</u>
Total liabilities		
Net assets:		
Unrestricted	174,078	116,826
Temporarily restricted	25,120	5,232
Permanently restricted	47,778	44,889
	<u>246,976</u>	<u>166,947</u>
Total net assets		
Total liabilities and net assets	<u>\$ 255,724</u>	<u>\$ 176,281</u>

See accompanying notes to financial statements.

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
STATEMENT OF ACTIVITIES
Year Ended August 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Jewish Federation allocation	\$ 146,607	\$ -	\$ -	\$ 146,607
Fundraiser, net of expenses of \$14,570	71,440	-	-	71,440
Public support received directly	31,033	24,746	-	55,779
Fees, net	48,561	-	-	48,561
Other grants	35,900	-	-	35,900
Use of donated facilities	18,480	-	-	18,480
Jewish Federation reimbursements	13,419	-	-	13,419
United Way	9,385	-	-	9,385
Investment income	2,849	-	-	2,849
Combined Federal Campaign/HCA Caring	1,365	-	-	1,365
Community Health Charities of TN	951	-	-	951
Auto donation	381	-	-	381
Net assets released from restrictions	4,858	(4,858)	-	-
	<u>385,229</u>	<u>19,888</u>	<u>-</u>	<u>405,117</u>
Total support and revenue				
Expenses:				
Program services:				
Adoption and counseling	161,192	-	-	161,192
Financial aid/Kosher food box	69,298	-	-	69,298
Senior services	31,705	-	-	31,705
Family and community education	12,754	-	-	12,754
	<u>274,949</u>	<u>-</u>	<u>-</u>	<u>274,949</u>
Total program services				
Management and general	56,771	-	-	56,771
	<u>331,720</u>	<u>-</u>	<u>-</u>	<u>331,720</u>
Total expenses				
Change in net assets from operations	53,509	19,888	-	73,397
Net gain on investments	3,743	-	2,889	6,632
	<u>57,252</u>	<u>19,888</u>	<u>2,889</u>	<u>80,029</u>
Change in net assets				
Net assets, beginning of year	116,826	5,232	44,889	166,947
	<u>\$ 174,078</u>	<u>\$ 25,120</u>	<u>\$ 47,778</u>	<u>\$ 246,976</u>
Net assets, end of year				

See accompanying notes to financial statements.

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Jewish Federation	\$ 162,662	\$ -	\$ -	\$ 162,662
Fundraiser, net of expenses of \$17,251	62,175	-	-	62,175
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
Jewish Federation reimbursements	3,338	-	-	3,338
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)	-	-
	<u>401,665</u>	<u>4,441</u>	<u>-</u>	<u>406,106</u>
Total support and revenue				
Expenses:				
Program services:				
Adoption and counseling	210,805	-	-	210,805
Senior services	37,323	-	-	37,323
Family and community education	31,544	-	-	31,544
Financial aid/Kosher food box	29,683	-	-	29,683
	<u>309,355</u>	<u>-</u>	<u>-</u>	<u>309,355</u>
Total program services				
Management and general	75,788	-	-	75,788
	<u>385,143</u>	<u>-</u>	<u>-</u>	<u>385,143</u>
Total expenses				
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	<u>\$ 116,826</u>	<u>\$ 5,232</u>	<u>\$ 44,889</u>	<u>\$ 166,947</u>

See accompanying notes to financial statements.

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
STATEMENTS OF CASH FLOWS
Years Ended August 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 80,029	\$ (11,321)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	729	751
Net realized and unrealized (gain) loss on investments	(3,643)	32,284
Change in beneficial interests in trusts controlled by others	(2,989)	8,899
Changes in operating assets and liabilities:		
Grants receivable	2,530	(517)
United Way designations receivable	1,144	1,026
Accounts receivable	(1,270)	1,727
Pledges receivable	2,300	2,975
Other receivables	49	(897)
Prepaid expenses	49	(383)
Accounts payable	(586)	(7,098)
Net cash provided by operating activities	<u>78,342</u>	<u>27,446</u>
Cash flows from investing activities:		
Purchases of property and equipment	-	(1,958)
Purchases of investments	(56,115)	(61,757)
Proceeds from sale of investments	15,000	64,580
Net cash (used in) provided by investing activities	<u>(41,115)</u>	<u>865</u>
Cash flows from financing activities:		
Transfer of permanently restricted net assets	-	(20,318)
Net cash used in financing activities	<u>-</u>	<u>(20,318)</u>
Increase in cash	37,227	7,993
Cash at beginning of year	<u>15,862</u>	<u>7,869</u>
Cash at end of year	<u><u>\$ 53,089</u></u>	<u><u>\$ 15,862</u></u>

See accompanying notes to financial statements.

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended August 31, 2010

	Program Services					Management and General	Total
	Adoption and Counseling	Financial Aid/	Senior Services	Family and	Community Education		
		Kosher Food Box					
Salaries	\$ 115,225	\$ 33,643	\$ 18,496	\$ 7,835	\$ 175,199	\$ 40,539	\$ 215,738
Payroll taxes	8,863	1,730	1,384	534	12,511	2,985	15,496
Employee health and retirement benefits	10,733	1,037	50	652	12,472	1,597	14,069
Total payroll expenses	134,821	36,410	19,930	9,021	200,182	45,121	245,303
Specific assistance to individuals	-	25,153	-	-	25,153	-	25,153
Rent	8,051	1,745	2,198	1,186	13,180	5,300	18,480
Program expenses	-	-	8,114	-	8,114	-	8,114
Professional fees	3,497	1,120	880	216	5,713	1,503	7,216
Supplies	3,167	1,321	99	723	5,310	996	6,306
Insurance	2,111	1,761	248	1,007	5,127	935	6,062
Marketing and public relations	2,708	559	78	273	3,618	613	4,231
Telephone	2,684	354	40	94	3,172	689	3,861
Conferences, conventions, and meetings	1,418	266	20	35	1,739	286	2,025
Dues and subscriptions	781	231	7	122	1,141	301	1,442
Travel	873	171	69	33	1,146	93	1,239
Postage and delivery	675	111	12	35	833	259	1,092
Depreciation and amortization	114	-	-	-	114	615	729
Taxes, licenses, and other	292	96	10	9	407	60	467
Total expenses	\$ 161,192	\$ 69,298	\$ 31,705	\$ 12,754	\$ 274,949	\$ 56,771	\$ 331,720

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	Total
	Adoption and Counseling	Senior Services	Family and Community Education	Financial Aid/ Koster Food Box			
Salaries	\$ 130,757	\$ 20,524	\$ 12,055	\$ 12,258	\$ 175,594	\$ 50,146	\$ 225,740
Employee health and retirement benefits	17,997	182	1,705	994	20,878	2,554	23,432
Payroll taxes	10,185	1,629	915	872	13,601	3,969	17,570
Total payroll expenses	158,939	22,335	14,675	14,124	210,073	56,669	266,742
Professional fees	18,267	1,275	6,279	162	25,983	6,507	32,490
Rent	9,000	2,322	825	788	12,935	5,545	18,480
Supplies	3,505	405	5,513	1,122	10,545	1,405	11,950
Specific assistance to individuals	-	-	-	11,499	11,499	-	11,499
Marketing and public relations	8,351	719	439	143	9,652	823	10,475
Program expenses	-	7,501	-	-	7,501	-	7,501
Conferences, conventions, and meetings	2,410	1,234	2,890	142	6,676	621	7,297
Insurance	2,096	537	230	769	3,632	957	4,589
Telephone	2,416	92	192	221	2,921	1,002	3,923
Travel	1,574	422	171	134	2,301	174	2,475
Dues and subscriptions	1,632	33	129	44	1,838	601	2,439
Postage and delivery	1,369	11	81	86	1,547	396	1,943
Recruitment	796	36	94	49	975	368	1,343
Taxes, licenses, and other	336	401	26	400	1,163	83	1,246
Depreciation and amortization	114	-	-	-	114	637	751
Total expenses	\$ 210,805	\$ 37,323	\$ 31,544	\$ 29,683	\$ 309,355	\$ 75,788	\$ 385,143

See accompanying notes to financial statements.

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2010 and 2009

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.

Accounting Standards Codification

The Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) became the sole authoritative source of generally accepted accounting principles in the United States of America for periods ending after September 15, 2009. The FASB ASC incorporates all authoritative literature previously issued by a standard setter. Adoption of the FASB ASC had no effect on Jewish Family Service’s financial statements.

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.

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, 2010 and 2009

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.

On January 1, 2009, Jewish Family Service adopted FASB ASC guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This interpretation 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. Jewish Family Service has no tax penalties or interest reported in the accompanying financial statements. Adoption of this pronouncement had no impact on Jewish Family Service's financial statements.

Cash

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

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.

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2010 and 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Senior services – supports senior adults and people with disabilities in the Nashville Jewish community. Senior services 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.

Financial aid/Kosher food box – provides emergency financial assistance and case management services or 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 programs is not reflected in the financial statements because of the lack of an objective basis by which to measure such value.

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

Reclassifications

Certain reclassifications have been made to the August 31, 2009 statements to conform with the August 31, 2010 presentation.

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2010 and 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Restricted Endowment Funds

The Uniform Prudent Management of 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 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.

Subsequent Events

Jewish Family Service evaluated subsequent events through January 18, 2011, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

NOTE 3 – GRANTS RECEIVABLE

Grants receivable consist of the following at August 31:

	<u>2010</u>	<u>2009</u>
Jewish Federation – Helping Hands	\$ -	\$ 2,530

NOTE 4 – FAIR VALUE MEASUREMENTS

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

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2010 and 2009

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

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

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include: 1) quoted prices for similar assets or liabilities in active markets, 2) quoted prices for identical or similar assets or liabilities in inactive markets, 3) inputs other than quoted prices that are observable for the asset or liability, and 4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- 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, 2010 and 2009.

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, 2010 and 2009

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

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

	<u>2010</u>		<u>2009</u>	
	<u>Fair</u>	<u>Quoted Prices</u>	<u>Fair</u>	<u>Quoted Prices</u>
	<u>Market</u>	<u>in Active</u>	<u>Market</u>	<u>in Active</u>
	<u>Value</u>	<u>Markets for</u>	<u>Value</u>	<u>Markets for</u>
		<u>Identical</u>		<u>Identical</u>
		<u>Items</u>		<u>Items</u>
		<u>(Level 1)</u>		<u>(Level 1)</u>
Balanced mutual funds	\$ 59,433	\$ 59,433	\$ 56,174	\$ 56,174
Stock mutual funds	9,440	9,440	9,056	9,056
Money market funds	70,373	70,373	29,258	29,258
	<u>\$ 139,246</u>	<u>\$ 139,246</u>	<u>\$ 94,488</u>	<u>\$ 94,488</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. The following schedule summarizes the investment income in the statements of activities at August 31:

	<u>2010</u>	<u>2009</u>
Investment income	<u>\$ 2,849</u>	<u>\$ 4,740</u>
Unrealized gain (loss) on investments	\$ 6,179	\$ (20,704)
Realized gain (loss) on investments	<u>453</u>	<u>(11,580)</u>
Net gain (loss) on investments	<u>\$ 6,632</u>	<u>\$ (32,284)</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31:

	<u>2010</u>	<u>2009</u>
Furniture, equipment and software	\$ 32,599	\$ 32,599
Less accumulated depreciation	<u>(30,599)</u>	<u>(29,870)</u>
	<u>\$ 2,000</u>	<u>\$ 2,729</u>

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2010 and 2009

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:

	2010			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 608	\$ -	\$ -	\$ 608
Equity Funds	24,002	-	-	24,002
Israel bonds and fixed income funds	-	16,896	-	16,896
Real estate funds	-	-	6,372	6,372
	<u>\$ 24,610</u>	<u>\$ 16,896</u>	<u>\$ 6,372</u>	<u>\$ 47,878</u>

	2009			
	Level 1	Level 2	Level 3	Total
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	-	-	5,984	5,984
	<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. Temporarily restricted net assets consist of the following at August 31:

	2010	2009
Disaster Relief	\$ 14,401	\$ -
Helping Hands Fund	10,000	1,714
Needy Family Assistance Fund	614	313
Wall of Remembrance Fund	105	105
Community Support	-	3,100
	<u>\$ 25,120</u>	<u>\$ 5,232</u>

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2010 and 2009

NOTE 8 – NET ASSETS (Continued)

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>2010</u>	<u>2009</u>
Jeffrey and Donna Eskind Family Fund	\$ 20,814	\$ 19,518
Al Beit Memorial Fund	8,939	8,479
Elise Steiner Designated Fund	9,021	8,451
Kopald Berkell Professionals Education Fund	<u>9,004</u>	<u>8,441</u>
	<u>\$ 47,778</u>	<u>\$ 44,889</u>

Jewish Family Service's endowment consists of donor restricted gifts held in investment accounts. As required by accounting principles generally accepted in the United States of America, 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.

2010 Endowment Net Asset Composition by Type of Fund as of August 31, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ <u>100</u>	\$ <u>-</u>	\$ <u>47,778</u>	\$ <u>47,878</u>

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2010 and 2009

NOTE 8 – NET ASSETS (Continued)

Changes in Endowment Net Assets for the fiscal year ended August 31, 2010:

Endowment net assets, beginning of year	\$ <u>631</u>	\$ <u>-</u>	\$ <u>44,889</u>	\$ <u>45,520</u>
Investment return:				
Investment income	100	-	-	100
Net appreciation (realized and unrealized)	<u>-</u>	<u>-</u>	<u>2,889</u>	<u>2,889</u>
Total investment return	<u>100</u>	<u>-</u>	<u>2,889</u>	<u>2,989</u>
Other changes:				
Appropriation of endowment assets for expenditure	<u>(631)</u>	<u>-</u>	<u>-</u>	<u>(631)</u>
Endowment net assets, end of year	\$ <u><u>100</u></u>	\$ <u><u>-</u></u>	\$ <u><u>47,778</u></u>	\$ <u><u>47,878</u></u>

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	\$ <u><u>631</u></u>	\$ <u><u>-</u></u>	\$ <u><u>44,889</u></u>	\$ <u><u>45,520</u></u>

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

Endowment net assets, beginning of year	\$ <u>193</u>	\$ <u>-</u>	\$ <u>73,913</u>	\$ <u>74,106</u>
Investment return:				
Investment income	1,018	-	-	1,018
Net depreciation (realized and unrealized)	<u>-</u>	<u>-</u>	<u>(8,706)</u>	<u>(8,706)</u>
Total investment return	<u>1,018</u>	<u>-</u>	<u>(8,706)</u>	<u>(7,688)</u>

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2010 and 2009

NOTE 8 – NET ASSETS (Continued)

Other changes:

Appropriation of endowment assets for expenditure	(580)	-	-	(580)
Transfer to related organization	<u>-</u>	<u>-</u>	<u>(20,318)</u>	<u>(20,318)</u>
Total other changes	<u>(580)</u>	<u>-</u>	<u>(20,318)</u>	<u>(20,898)</u>
Endowment net assets, end of year	<u>\$ 631</u>	<u>\$ -</u>	<u>\$ 44,889</u>	<u>\$ 45,520</u>

NOTE 9 – RELATED PARTY TRANSACTIONS

Jewish Family Service's office space is located in the Gordon Jewish Community Center. No rent payments are required, but the use of donated facilities is recorded at its estimated value. Donated facilities amounted to \$18,480 in 2010 and 2009.

NOTE 10 – PENSION PLAN

Jewish Family Service employees who meet certain participation requirements may elect to participate in a defined contribution plan. Those who elect to participate must contribute a minimum of 1% of their covered wages and may contribute up to a maximum of 20% each year. Jewish Family Service has the option of making a matching contribution. During fiscal 2009, Jewish Family Service matched up to 5% of covered wages. During fiscal 2010, Jewish Family Service did not match contributions of employees who participated in the defined contribution plan. Pension expense for matching contributions amounted to \$5,844 in 2009.

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.