

VANDERBILT HILLEL, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

As of and for the Years Ended June 30, 2021 and 2020

And Report of Independent Auditor

VANDERBILT HILLEL, INC.
TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITOR 1-2

FINANCIAL STATEMENTS

 Statements of Financial Position 3

 Statements of Activities..... 4-5

 Statements of Functional Expenses 6-7

 Statements of Cash Flows 8

 Notes to the Financial Statements 9-17

SUPPLEMENTARY INFORMATION

 Schedule of Maccabee Task Force Grant Expenditures 18

Report of Independent Auditor

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

We have audited the accompanying financial statements of Vanderbilt Hillel, Inc. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vanderbilt Hillel, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 18 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.

Cheng Bekeant LLP

Nashville, Tennessee
January 14, 2022

VANDERBILT HILLEL, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 463,758	\$ 402,722
Contributions receivable	6,000	1,544
Other receivables	-	3,520
Prepaid expenses	749	782
Investments held by the Jewish Federation of Nashville and Middle Tennessee	4,759,856	3,946,970
Furniture and equipment, net of accumulated depreciation of \$11,578 and \$8,540, respectively	7,861	10,899
Total Assets	<u>\$ 5,238,224</u>	<u>\$ 4,366,437</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 48,811	\$ 50,914
Deferred grant revenue	77,302	68,527
Total Liabilities	<u>126,113</u>	<u>119,441</u>
Net Assets:		
Without Donor Restrictions:		
Designated endowment	1,609,976	1,363,414
Board designated	135,092	135,092
Undesignated deficit	39,548	(6,134)
Total Without Donor Restrictions	<u>1,784,616</u>	<u>1,492,372</u>
With Donor Restrictions	<u>3,327,495</u>	<u>2,754,624</u>
Total Net Assets	<u>5,112,111</u>	<u>4,246,996</u>
Total Liabilities and Net Assets	<u>\$ 5,238,224</u>	<u>\$ 4,366,437</u>

VANDERBILT HILLEL, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Grants and other support	\$ 400,125	\$ 30,437	\$ 430,562
Net gain on investments	307,537	702,696	1,010,233
Annual campaign	174,156	-	174,156
Net assets released from restrictions	160,262	(160,262)	-
Total Support and Revenue	1,042,080	572,871	1,614,951
Expenses:			
Program services	591,315	-	591,315
Supporting Services:			
Management and general	91,340	-	91,340
Fundraising	67,181	-	67,181
Total Expenses	749,836	-	749,836
Change in net assets	292,244	572,871	865,115
Net assets, beginning of year	1,492,372	2,754,624	4,246,996
Net assets, end of year	<u>\$ 1,784,616</u>	<u>\$ 3,327,495</u>	<u>\$ 5,112,111</u>

VANDERBILT HILLEL, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Grants and other support	\$ 369,275	\$ 202,242	\$ 571,517
Net loss on investments	(10,445)	7,297	(3,148)
Annual campaign	282,240	-	282,240
Net assets released from restrictions	242,264	(242,264)	-
Total Support and Revenue	883,334	(32,725)	850,609
Expenses:			
Program services	605,355	-	605,355
Supporting Services:			
Management and general	93,306	-	93,306
Fundraising	92,536	-	92,536
Total Expenses	791,197	-	791,197
Change in net assets	92,137	(32,725)	59,412
Net assets, beginning of year	1,400,235	2,787,349	4,187,584
Net assets, end of year	<u>\$ 1,492,372</u>	<u>\$ 2,754,624</u>	<u>\$ 4,246,996</u>

VANDERBILT HILLEL, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 333,479	\$ 66,696	\$ 44,463	\$ 444,638
Occupancy	90,002	10,588	5,294	105,884
Shabbat dinners	67,498	-	-	67,498
Israel fellow	32,188	3,576	-	35,764
Holidays - food and other event costs	29,929	-	-	29,929
Other programs - food and other event costs	21,744	-	5,491	27,235
Other	12,577	8,531	1,765	22,873
Travel	-	-	9,518	9,518
Printing	2,204	1,102	367	3,673
Supplies	1,694	847	283	2,824
Total Expenses	<u>\$ 591,315</u>	<u>\$ 91,340</u>	<u>\$ 67,181</u>	<u>\$ 749,836</u>

VANDERBILT HILLEL, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 347,112	\$ 69,423	\$ 46,281	\$ 462,816
Other programs - food and other event costs	76,737	-	20,075	96,812
Occupancy	75,528	8,885	4,443	88,856
Holidays - food and other event costs	44,045	-	-	44,045
Shabbat dinners	14,883	10,307	2,597	27,787
Israel fellow	24,361	-	-	24,361
Other	-	-	18,031	18,031
Travel	12,255	1,362	-	13,617
Printing	5,288	2,644	881	8,813
Religious/clergy support	3,707	-	-	3,707
Supplies	1,439	685	228	2,352
Total Expenses	<u>\$ 605,355</u>	<u>\$ 93,306</u>	<u>\$ 92,536</u>	<u>\$ 791,197</u>

VANDERBILT HILLEL, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 865,115	\$ 59,412
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	3,038	2,889
Net (gain) loss on investments	(1,010,233)	3,148
Changes in operating assets and liabilities:		
Contributions receivable	(4,456)	65,531
Other receivables	3,520	(3,405)
Prepaid expense	33	507
Accounts payable and accrued expenses	(2,103)	261
Deferred grant revenue	8,775	68,527
Net cash flows from operating activities	<u>(136,311)</u>	<u>196,870</u>
Cash flows from investing activities:		
Purchases of property and equipment	-	(5,236)
Distributions from investments	197,347	207,901
Net cash flows from investing activities	<u>197,347</u>	<u>202,665</u>
Cash flows from financing activities:		
Proceeds from borrowings	-	50,000
Repayments on the line of credit	-	(50,000)
Principal payments on note payable	-	(106,223)
Net cash flows from financing activities	<u>-</u>	<u>(106,223)</u>
Net change in cash and cash equivalents	61,036	293,312
Cash and cash equivalents, beginning of year	402,722	109,410
Cash and cash equivalents, end of year	<u>\$ 463,758</u>	<u>\$ 402,722</u>

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

VANDERBILT HILLEL, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1—Nature of operations

Vanderbilt Hillel, Inc. (the “Organization”) is a Tennessee not-for-profit corporation. It is the center of Jewish Life at Vanderbilt University, serving the religious, social, and educational needs of the undergraduate and graduate Jewish student communities. The Organization prides itself in offering Jewish college students different ways to express their Jewishness through creative holiday programs and cultural events.

Note 2—Summary of significant accounting policies

The financial statements of the Organization are presented on the accrual basis. The significant accounting policies followed are described below.

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

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purposes 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 without donor restrictions may be designated for specific purposes by action of the Board of Directors. Presently, net assets designated by the Board are for future needs and operation reserves.

Net Assets With Donor Restrictions – Net assets that are subject to stipulations imposed by donors. 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. The Organization has net assets restricted for specific programs and to be held in perpetuity as stipulated by donors.

Contributions and Support – Contributions received are recorded as with donor restrictions and without donor restrictions, depending on the existence of any donor restrictions.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as restricted support that increases net assets with donor restrictions. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as net assets without restrictions.

Gifts of equipment or materials are reported as unrestricted support unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Cash Equivalents – The Organization considers all highly-liquid investments with original maturities of three months or less to be cash equivalents.

Furniture and Equipment – Furniture and equipment are stated at cost. Donated assets are recorded at their estimated market value at the date of the gift. Depreciation and amortization are provided over the assets’ estimated useful lives using the straight-line method.

VANDERBILT HILLEL, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 2—Summary of significant accounting policies (continued)

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. When furniture and equipment is retired or sold, the cost and the related accumulated depreciation is removed from the accounts, and the resulting gain or loss is included in operations.

Income Taxes – The Organization is a not-for-profit corporation that has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Organization follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) guidance which clarifies the accounting for uncertainty in income taxes recognized in an entity’s financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statements.

Functional Allocation of 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.

Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the statements of financial position and gains and losses are included in the statements of activities.

Fair Value Measurements – The Organization classifies its investments in accordance with FASB ASC guidance based on a hierarchy consisting of three levels, which are explained as follows:

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

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

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

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 2—Summary of significant accounting policies (continued)

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

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

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

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

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

No changes in the valuation methodologies have been made during the period July 1, 2019 through June 30, 2021.

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

Subsequent Events – The Organization evaluated subsequent events through January 14, 2022, when these financial statements were available to be issued.

Recently Adopted Accounting Pronouncements – In May 2014, FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The organization adopted the provisions of ASU 2014-09 and the related ASUs as of July 1, 2020 using a modified retrospective approach, which resulted in no cumulative effect adjustment to net assets as of July 1, 2020. There was no change in the timing and amount of revenue recognition as a result of the adoption of this ASU.

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 2—Summary of significant accounting policies (continued)

Recently Issued Accounting Standards – In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in ASU 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for the year ending June 30, 2023. A modified retrospective transition approach is required for leases for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently in the process of evaluating the impact this guidance may have on its financial statements.

Note 3—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. 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:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	\$ 463,758	\$ 402,722
Contributions receivable	6,000	1,544
Other receivables	-	3,520
Investments held by the Jewish Federation	4,759,856	3,946,970
Total financial assets	<u>5,229,614</u>	<u>4,354,756</u>
Less amounts not available to be used for general expenditures within one year:		
Assets subject to designations	(1,745,068)	(1,498,506)
Assets subject to restrictions	(3,327,495)	(2,754,624)
Less payout on donor-restricted endowments for use over the next 12 months	<u>157,494</u>	<u>129,178</u>
Total amounts not available to be used for general expenditures within one year	<u>(4,915,069)</u>	<u>(4,123,952)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 314,545</u>	<u>\$ 230,804</u>

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 4—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. As of June 30, 2021 and 2020, \$239,702 and \$94,019, respectively, of the Organization’s cash was above the FDIC limit and not insured.

For the years ended June 30, 2021 and 2020, approximately 12% and 34%, respectively, of total support and revenue was provided by one donor and two donors, respectively. The Organization is dependent upon endowment distributions to fund a portion of its annual budget.

Note 5—Contributions receivable

The Organization has recorded unconditional promises to give in the accompanying statements of financial position. All contributions receivable are scheduled to be received within one-year and management does not believe an allowance for uncollectible accounts is necessary at June 30, 2021 and 2020.

Note 6—Investments and pooled investment accounts

The Organization’s investments consist of an interest in pooled funds all held by the Jewish Federation.

Assets stated at fair value consist of the following at June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual funds	\$ -	\$ 2,471,069	\$ -	\$ 2,471,069
Alternative investment funds	-	678,813	-	678,813
Pooled investment accounts	-	1,609,974	-	1,609,974
	<u>\$ -</u>	<u>\$ 4,759,856</u>	<u>\$ -</u>	<u>\$ 4,759,856</u>

Assets stated at fair value consist of the following at June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual funds	\$ -	\$ 2,049,810	\$ -	\$ 2,049,810
Alternative investment funds	-	533,746	-	533,746
Pooled investment accounts	-	1,363,414	-	1,363,414
	<u>\$ -</u>	<u>\$ 3,946,970</u>	<u>\$ -</u>	<u>\$ 3,946,970</u>

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 6—Investments and pooled investment accounts (continued)

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 alternative investment funds for the year ended June 30:

	2021	2020
Balance, beginning of year	\$ 533,746	\$ 567,925
Unrealized gain (loss)	145,067	(34,179)
Balance, end of year	<u>\$ 678,813</u>	<u>\$ 533,746</u>

Note 7—Endowments

The Organization's endowments were created to further the charitable purposes established by the Organization and include funds designated by the Board of Directors to function as endowments as well as funds restricted by donors.

Interpretation of Relevant Law – The Board of Directors of the Organization has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary, such as net accumulations of investment income (loss) needed to meet corpus withdrawals as described above. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (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 net assets with donor restrictions is 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.

Endowments net asset composition by type of fund as of June 30, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,363,413	\$ 2,583,557	\$ 3,946,970
Contributions	-	-	-
Gain (loss), net	314,732	695,501	1,010,233
Releases	(68,171)	(129,178)	(197,349)
Endowment net assets, end of year	<u>\$ 1,609,974</u>	<u>\$ 3,149,880</u>	<u>\$ 4,759,854</u>

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 7—Endowments (continued)

Endowments net asset composition by type of fund as of June 30, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,446,167	\$ 2,711,852	\$ 4,158,019
Contributions	-	-	-
Gain (loss), net	(10,445)	7,297	(3,148)
Releases	(72,308)	(135,593)	(207,901)
Endowment net assets, end of year	<u>\$ 1,363,414</u>	<u>\$ 2,583,556</u>	<u>\$ 3,946,970</u>

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. No endowment funds had fair values below the level that the donor or UPMIFA required at June 30, 2021 and 2020.

Endowment Investment Policy and Risk Parameters – The Organization has adopted investment and spending policies for endowment assets that attempt to provide a stable source of perpetual financial support by its endowment while seeking to preserve the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period, as well as amounts designated by the Board of Directors, if any, to be held in perpetuity.

Strategies Employed for Achieving Investment Objectives – To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based and fixed-income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy – The Organization has a policy of appropriating an annual distribution from the endowments of 5% of the ending balance of the preceding fiscal year.

Note 8—Net assets with donor restrictions

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

	2021	2020
Donor restricted endowment	\$ 3,149,880	\$ 2,583,556
Contribution restricted for other uses (including Maccabee Task Force Grant of \$116,627 and \$124,983 for the years ended 2021 and 2020, respectively)	177,615	171,068
Total net assets with donor restrictions	<u>\$ 3,327,495</u>	<u>\$ 2,754,624</u>

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 9—Deferred grant revenue

Deferred grant revenue primarily consists of the proceeds from a Paycheck Protection Program (“PPP”) loan. The PPP loan is granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The loan must be repaid if the Organization does not overcome certain barriers within the CARES Act. The Organization has deferred recognition of grant revenue for the year ended June 30, 2021, in the amount of the second PPP loan granted because the conditions of forgiveness have not yet been substantially met; however, the Organization believes it will substantially meet the conditions required for forgiveness in the following year. The Organization received forgiveness for the first PPP loan (granted in the prior year) during the year ended June 30, 2021. The Organization recognized this PPP loan as revenue in the current year.

Note 10—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, 2022. At June 30, 2021, no borrowings were outstanding under the line of credit agreement. The note is secured by one of the board-designated endowments.

Note 11—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 \$14,645 and \$12,411 to the plan during the years ended June 30, 2021 and 2020, respectively.

Note 12—Operational services and building maintenance agreement

The Organization leases office space under an operational services and building maintenance agreement. Total expense incurred under this agreement for the years ended June 30, 2021 and 2020 amounted to \$99,186 and \$88,464, respectively.

VANDERBILT HILLEL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 12—Operational services and building maintenance agreement (continued)

Future minimum lease payments required under the noncancelable operational services and building maintenance agreement in effect are \$8,333 per month through June 30, 2022. After that date, the fees will increase 3% annually through the end of the lease on June 30, 2032.

Future minimum lease payments for the year ended June 30:

<u>Years Ending June 30,</u>	
2022	\$ 100,000
2023	103,000
2024	106,090
2025	109,273
2026	112,551
Thereafter	<u>749,866</u>
Total	<u>\$ 1,280,779</u>

Note 13—Related party transactions

Various Board members provided religious services for certain fees in FY20. None were provided in FY21. 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***YEAR ENDED JUNE 30, 2021*

Vanderbilt Hillel general funds	\$	10,000
Shabbat dinner		800
Commodores for Israel general budget		1,500
Student board general budget		1,000
Vanderbilt AIPAC general budget		1,000
Tikkum Olam general budget		500
Pro-Israel lecture and film series		134
Israel Peace Week		3,934
Israeli shuk event		336
Falafel at Midnight		1,000
	\$	<u>20,204</u>

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, 2021. 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 and are included in the amounts reported for other programs – food and other event costs.