

**JEWISH FEDERATION OF NASHVILLE  
AND MIDDLE TENNESSEE**

**FINANCIAL STATEMENTS**

***As of and for the Years Ended June 30, 2020 and 2019***

***And Report of Independent Auditor***

**JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE**  
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## Report of Independent Auditor

To the Board of Directors  
Jewish Federation of Nashville and Middle Tennessee  
Nashville, Tennessee

We have audited the accompanying financial statements of Jewish Federation of Nashville and Middle Tennessee (the "Federation") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, 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 Jewish Federation of Nashville and Middle Tennessee as of June 30, 2020 and 2019, 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.

**Emphasis of Matter**

As discussed in Note 16 to the financial statements, toward the end of December 2019, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. During 2020, there have been various mandates and/or requests from federal, state, and local authorities resulting in closures of non-essential businesses, which could negatively impact the Federation's operations. Although it is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact, any significant reduction in investment balances and related returns could have adverse effects to the Federation. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Cheryl Bekant LLP".

Nashville, Tennessee  
November 16, 2020

**JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE**  
**STATEMENTS OF FINANCIAL POSITION**

*JUNE 30, 2020 AND 2019*

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 683,505	\$ 729,447
Investments	33,497,975	35,168,764
Pledges receivable, less allowance for uncollectible pledges of \$91,991 and \$91,991, respectively	847,290	777,725
Other receivables	41,264	31,377
Prepaid expenses	-	650
Furniture and equipment, net of accumulated depreciation of \$78,602 and \$48,188 respectively	104,752	25,290
<b>Total Assets</b>	<b>\$ 35,174,786</b>	<b>\$ 36,733,253</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 101,131	\$ 46,355
Allocations payable	187,550	268,385
Deferred revenue	212,653	-
Funds held for others	5,699,729	5,935,649
<b>Total Liabilities</b>	<b>6,201,063</b>	<b>6,250,389</b>
Net Assets:		
Without Donor Restrictions:		
Designated by governing board for endowment program	19,447,601	20,398,552
Undesignated	407,989	207,724
Board designated	541,356	593,046
<b>Total Without Donor Restrictions</b>	<b>20,396,946</b>	<b>21,199,322</b>
With Donor Restrictions	8,576,777	9,283,542
<b>Total Net Assets</b>	<b>28,973,723</b>	<b>30,482,864</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 35,174,786</b>	<b>\$ 36,733,253</b>

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

**JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE**  
**STATEMENT OF ACTIVITIES**

*YEAR ENDED JUNE 30, 2020*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and Revenue:			
Public support received directly	\$ 1,152,650	\$ 1,364,860	\$ 2,517,510
Investment income, net	290,380	21,256	311,636
Observer publication	187,375	-	187,375
Other	97,048	-	97,048
Net Assets Released from Restrictions:			
Annual campaign	1,787,554	(1,787,554)	-
Other	305,327	(305,327)	-
Total Support and Revenue	<u>3,820,334</u>	<u>(706,765)</u>	<u>3,113,569</u>
Expenses:			
Program services	3,490,823	-	3,490,823
Supporting Services:			
Fundraising	618,732	-	618,732
Management and general	513,155	-	513,155
Total Expenses	<u>4,622,710</u>	<u>-</u>	<u>4,622,710</u>
Change in net assets	(802,376)	(706,765)	(1,509,141)
Net assets, beginning of year	<u>21,199,322</u>	<u>9,283,542</u>	<u>30,482,864</u>
Net assets, end of year	<u>\$ 20,396,946</u>	<u>\$ 8,576,777</u>	<u>\$ 28,973,723</u>

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

**JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE**  
**STATEMENT OF ACTIVITIES**

*YEAR ENDED JUNE 30, 2019*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and Revenue:			
Public support received directly	\$ 431,069	\$ 2,674,562	\$ 3,105,631
Investment income, net	1,085,598	405,463	1,491,061
Observer publication	201,008	-	201,008
Other	119,323	-	119,323
Net Assets Released from Restrictions:			
Annual campaign	2,112,443	(2,112,443)	-
Other	240,811	(240,811)	-
Total Support and Revenue	<u>4,190,252</u>	<u>726,771</u>	<u>4,917,023</u>
Expenses:			
Program services	3,987,979	-	3,987,979
Supporting Services:			
Fundraising	519,013	-	519,013
Management and general	490,646	-	490,646
Total Expenses	<u>4,997,638</u>	<u>-</u>	<u>4,997,638</u>
Change in net assets	(807,386)	726,771	(80,615)
Net assets, beginning of year	<u>22,006,708</u>	<u>8,556,771</u>	<u>30,563,479</u>
Net assets, end of year	<u>\$ 21,199,322</u>	<u>\$ 9,283,542</u>	<u>\$ 30,482,864</u>

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

**JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**

*YEAR ENDED JUNE 30, 2020*

	<b>Program Services</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>Total</b>
Salaries	\$ 370,805	\$ 400,447	\$ 308,915	\$ 1,080,167
Payroll taxes	25,608	27,655	21,335	74,598
Employee insurance	22,087	23,852	18,400	64,339
Retirement plan expense	11,969	12,925	9,971	34,865
Employee benefits	2,584	2,791	2,154	7,529
Total Salaries and Employee Benefits	433,053	467,670	360,775	1,261,498
Grants	2,830,782	-	-	2,830,782
Observer publication	128,385	-	-	128,385
Campaign programs	-	87,669	-	87,669
Other operations	16,009	14,778	34,519	65,306
Equipment contract	17,495	17,443	17,443	52,381
Contract services	32,879	-	-	32,879
Depreciation	-	-	30,414	30,414
Legal and accounting fees	-	-	24,723	24,723
Postage	17,854	2,078	3,246	23,178
Conferences, meetings, and travel	4,376	4,039	9,435	17,850
Life and legacy	-	15,023	-	15,023
Printing and publications	3,580	3,569	3,569	10,718
Insurance	-	-	8,283	8,283
Staff development	2,479	4,036	1,681	8,196
Credit card fees	-	-	7,374	7,374
Supplies	664	1,554	4,463	6,681
Storage and back-up	-	-	6,057	6,057
Memberships and subscriptions	2,583	190	490	3,263
Telephone	684	683	683	2,050
Total Expenses	<u>\$ 3,490,823</u>	<u>\$ 618,732</u>	<u>\$ 513,155</u>	<u>\$ 4,622,710</u>

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



**JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**

*YEAR ENDED JUNE 30, 2019*

	<b>Program Services</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>Total</b>
Salaries	\$ 402,070	\$ 309,989	\$ 334,347	\$ 1,046,406
Payroll taxes	30,893	23,818	25,689	80,400
Employee insurance	22,887	17,646	19,032	59,565
Retirement plan expense	9,398	7,245	7,815	24,458
Employee benefits	1,978	1,526	1,646	5,150
Total Salaries and Employee Benefits	467,226	360,224	388,529	1,215,979
Grants	3,258,073	-	-	3,258,073
Campaign programs	44,106	91,508	-	135,614
Observer publication	133,099	-	-	133,099
Equipment contract	12,916	12,878	12,878	38,672
Contract services	34,313	-	-	34,313
Life and legacy	-	30,701	-	30,701
Other operations	2,547	2,350	5,490	10,387
Legal and accounting fees	-	-	28,672	28,672
Postage	16,006	1,863	2,910	20,779
Staff development	5,530	9,006	3,751	18,287
Printing and publications	4,808	4,794	4,794	14,396
Conferences, meetings, and travel	3,429	3,165	7,394	13,988
Depreciation	-	-	12,093	12,093
Insurance	-	-	7,507	7,507
Storage and back-up	-	-	5,807	5,807
Credit card fees	-	-	5,596	5,596
Memberships and subscriptions	4,392	323	834	5,549
Supplies	500	1,170	3,360	5,030
Telephone	1,034	1,031	1,031	3,096
Total Expenses	<u>\$ 3,987,979</u>	<u>\$ 519,013</u>	<u>\$ 490,646</u>	<u>\$ 4,997,638</u>

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

# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,509,141)	\$ (80,615)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	30,414	12,093
Net loss (gain) on investments	1,525,127	(33,851)
Changes in operating assets and liabilities:		
Pledges receivable	(69,565)	28,550
Other receivables	(9,887)	(9,182)
Prepaid expenses	650	(650)
Accounts payable and accrued expenses	54,776	(43,520)
Deferred revenue	212,653	-
Allocations payable	(80,835)	-
Funds held for others	(235,920)	1,430,041
Net cash (used in) provided by operating activities	<u>(81,728)</u>	<u>1,302,866</u>
<b>Cash flows from investing activities:</b>		
Purchases of furniture and equipment	(109,876)	(1,753)
Purchases of investments	(13,147,851)	(15,734,421)
Proceeds from sale or redemption of investments	13,293,513	14,885,021
Net cash provided by (used in) investing activities	<u>35,786</u>	<u>(851,153)</u>
Net (decrease) increase in cash and cash equivalents	(45,942)	451,713
Cash and cash equivalents, beginning of year	729,447	277,734
Cash and cash equivalents, end of year	<u>\$ 683,505</u>	<u>\$ 729,447</u>

# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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### **Note 1—Nature of operations**

Jewish Federation of Nashville and Middle Tennessee (the “Federation”) is a Tennessee not-for-profit corporation. Its purposes are to develop and strengthen Jewish community life, to carry on and support such activities as are in the community interest, to provide a common ground for the discussion of all matters pertaining to the general welfare of the Jewish community and for action thereupon where indicated, and to administer and staff a unified Jewish community fundraising campaign and allocation process to support a wide variety of local, national, and international needs.

### **Note 2—Summary of significant accounting policies**

The financial statements of the Federation 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 Federation and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations. All contributions are considered available for general use unless specifically restricted by the donor.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Federation and/or the passage of time. When a restriction expires, 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. If a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as increases to net assets without donor restrictions.

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

*Investments* – Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are shown at their fair values in the statements of financial position. Investment income shown in the statements of activities includes interest, dividends, and realized and unrealized gains and losses, net of investment expenses of approximately \$168,000 and \$165,000 for the years ended June 30, 2020 and 2019, respectively. Investment income is reported in the period earned as an increase in net assets without donor restrictions unless the use of the assets received is limited by donor-imposed restrictions. Investment income that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restrictions are met or expire in the year in which the income is recognized. All other donor-restricted investment income is reported as an increase in net assets with donor restrictions depending on the nature of the restrictions.

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

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

# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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### **Note 2—Summary of significant accounting policies (continued)**

*Income Taxes* – The Federation 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.

*Support and Revenue* – Fundraising campaigns are conducted each fall through the following spring to fund allocations for the subsequent year beginning July 1. Annual campaign pledges (unconditional promises to give) are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Contributions receivable in future periods are recorded at their estimated net realizable value. The majority of the promises to give to the annual campaign are received from Nashville and Middle Tennessee contributors. Pledges receivable are reported net of a provision for uncollectible pledges, which is estimated based on past experience with collections and management's evaluation of current outstanding pledges.

Contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, 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.

*Allocations and Grants* – Allocations and grants (unconditional promises to give to others) are recorded when authorized by the Board of Directors.

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

*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.

*Subsequent Events* – The Federation evaluated subsequent events through November 16, 2020, when these financial statements were available to be issued. The Federation 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.

# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

### Note 2—Summary of significant accounting policies (continued)

*New Accounting Pronouncement* – In June 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-08, *Not-for-Profit Entities Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. The standard also provides guidance on determining whether a contribution is conditional, helping entities better distinguish a donor-imposed condition from a donor-imposed restriction. The Federation evaluated the new standard and determined that the accounting standard did not require a change to the Federation’s practices for recording contributions.

*Future Pronouncements* – In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in *Revenue Recognition (Topic 605)*, and requires entities to recognize revenue in a manner that depicts 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. ASU 2014-09 is effective for the Federation for the year ending June 30, 2021. The Federation is currently evaluating the effect of adoption of this new standard.

### Note 3—Liquidity and availability of resources

The Federation 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 Federation considers all expenditures related to its ongoing activities of providing programs and services to develop and strengthen Jewish community life as well as conduct of services undertaken to support those activities to be general expenditures.

As a part of the Federation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	\$ 683,505	\$ 729,447
Pledges receivable, net	847,290	777,725
Other receivables	41,264	31,377
Investments	33,497,975	35,168,764
Total financial assets	35,070,034	36,707,313
Less amounts not available to be used for general expenditures within one year:		
Purpose and time restrictions	8,576,777	9,283,542
Board designations	19,988,957	20,991,598
Funds held for others	5,699,729	5,935,649
Financial assets not available to be used within one year	34,265,463	36,210,789
Financial assets available to meet general expenditures within one year	\$ 804,571	\$ 496,524

# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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### Note 4—Credit risk and other concentrations

Accounts at banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Federation generally maintains accounts at banks in excess of insured amounts. The Federation has not experienced any losses in such accounts and management believes the Federation is not exposed to any significant credit risk related to these accounts. Uninsured balances were approximately \$464,000 and \$450,800 as of June 30, 2020 and 2019, respectively.

The Federation 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 financial statements.

### Note 5—Pledges receivable

The Federation has included unconditional promises to give in pledges receivable, less an allowance for uncollectible pledges. All pledges are scheduled to be received within one year.

### Note 6—Investments

The Federation has adopted the provisions of the *Fair Value Measurement* topic of FASB Accounting Standards Codification ("ASC") for its investments. This guidance establishes a framework for measuring fair value for financial assets and financial liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Federation has the ability to access.

*Level 2* – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by the 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. There have been no changes in the methodologies used during the years ended June 30, 2020 and 2019.

# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

### Note 6—Investments (continued)

The following are descriptions of the valuation methodologies used for asset measurement at fair value.

- *Fixed Income Securities, Money Market, and Mutual Funds* – Valued at the net asset value of shares held by the Federation at year-end.
- *Israel and Fixed Income Bonds* – Valued using observable inputs including benchmark yields, reported trades, broker/dealer quotes, or alternative pricing sources with reasonable levels of price transparency.
- *Alternative Investment Funds* – Valued by applicable fund administrator based on reported values of underlying funds.

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 Federation's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth the Federation's major categories of investments measured at fair value on a recurring basis, by level within the fair value hierarchy, as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 61,840	\$ -	\$ -	\$ 61,840
Mutual funds:				
Fixed income	9,816,597	-	-	9,816,597
Domestic equity	8,517,369	-	-	8,517,369
International equity	6,751,762	-	-	6,751,762
Israel and fixed income bonds	495,879	734,952	-	1,230,831
Alternative investment funds	-	-	7,119,576	7,119,576
Total	<u>\$ 25,643,447</u>	<u>\$ 734,952</u>	<u>\$ 7,119,576</u>	<u>\$ 33,497,975</u>

# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

### Note 6—Investments (continued)

The following table sets forth the Federation's major categories of investments measured at fair value on a recurring basis, by level within the fair value hierarchy, as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 42,803	\$ -	\$ -	\$ 42,803
Mutual funds:				
Fixed income	11,275,591	-	-	11,275,591
Domestic equity	8,622,691	-	-	8,622,691
International equity	6,544,343	-	-	6,544,343
Israel and fixed income bonds	489,382	734,987	-	1,224,369
Alternative investment funds	-	-	7,458,967	7,458,967
Total	<u>\$ 26,974,810</u>	<u>\$ 734,987</u>	<u>\$ 7,458,967</u>	<u>\$ 35,168,764</u>

The following table sets forth a summary of changes in the fair value of the Federation's Level 3 alternative investment funds for the year ended June 30, 2020:

Balance, June 30, 2019	\$ 7,458,967
Sales	-
Purchases	192,182
Unrealized loss	(531,573)
Balance, June 30, 2020	<u>\$ 7,119,576</u>

The following table sets forth a summary of changes in the fair value of the Federation's Level 3 alternative investment funds for the year ended June 30, 2019:

Balance, June 30, 2018	\$ 7,525,495
Sales	(284,388)
Purchases	169,662
Unrealized gain	48,198
Balance, June 30, 2019	<u>\$ 7,458,967</u>



# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

### Note 7—Funds held for others

The funds held for the Gordon Jewish Community Center (“GJCC”), Akiva School, and Vanderbilt Hillel, Inc. are agency funds that earn investment income and losses through the pooled fund instruments. Unlike regular philanthropic funds, the Federation does not own them, but rather they are the property of the GJCC, Akiva School, and Vanderbilt Hillel, Inc. The Federation only administers the changes in these funds. Funds held for others were as follows at June 30:

	<b>2020</b>	<b>2019</b>
Vanderbilt Hillel, Inc.	\$ 3,946,970	\$ 4,158,018
Gordon Jewish Community Center	550,266	560,120
Akiva School	660,925	647,107
Jewish Family Service	26,434	25,506
Congregation Sherith Israel Cemetery Fund	515,134	544,898
Total funds held for others	<u>\$ 5,699,729</u>	<u>\$ 5,935,649</u>

### Note 8—Net assets with donor restrictions

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

	<b>2020</b>	<b>2019</b>
Contributions received to fund the following year's allocations	\$ 1,323,128	\$ 1,787,554
Earl Kirshner Loan Fund	20,873	20,873
Gesher/Bridge Fund	34,493	34,493
Various other funds established by donors for the foundation program with contributions restricted for specific fields of interest	7,198,283	7,440,622
Total restricted net assets	<u>\$ 8,576,777</u>	<u>\$ 9,283,542</u>

# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

### Note 9—Board designated net assets

Board designated net assets are comprised of following at June 30:

	2020	2019
Endowment program	\$ 19,447,601	\$ 20,398,552
Technology	133,138	152,578
New Initiatives	103,038	103,038
Local P2G	-	8,402
Jewish Sleep Away Camp Scholarships	4,471	4,471
Mission Fund	40,389	40,389
President and Executive Fund	16,620	30,235
Board Discretionary Fund	123,300	164,784
Security	15,648	63,859
Net investment in furniture and equipment	104,752	25,290
Total board designated net assets	<u>\$ 19,988,957</u>	<u>\$ 20,991,598</u>

### Note 10—Endowments

The Federation's endowments were created to further the charitable purposes established by the Federation and include funds designated by the Board of Directors to function as endowments. Contributions received for the various funds are invested in money market funds, mutual funds, Israel and fixed income bonds, and alternative investment funds in accordance with the investment policy statement maintained by the Federation, which states that the primary purpose of the investment activities is to provide a regular and reliable source of income to meet the needs and services of the Federation. In order to provide the means by which to support the policy objectives, the Federation will continue to maintain a diversified portfolio of investments intended to achieve a long-term return on assets that is approximately 6% greater than the rate of inflation as measured by the Consumer Price Index. Distributions from the endowments are made as determined by the Board of Directors to satisfy program objectives described in Note 1.

Endowment net asset composition by type of fund at June 30, 2020:

Unrestricted:	
Board-designated endowments	<u>\$ 19,447,601</u>

Changes in endowment net assets for the year ended June 30, 2020:

Balance, June 30, 2019	\$ 20,398,552
Support, revenue, and transfers	795,544
Allocations, grants, expenses, and transfers	<u>(1,746,495)</u>
Balance, June 30, 2020	<u>\$ 19,447,601</u>

# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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### Note 10—Endowments (continued)

Endowment net asset composition by type of fund at June 30, 2019:

Unrestricted:

Board-designated endowments	<u>\$ 20,398,552</u>
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Changes in endowment net assets for the year ended June 30, 2019:

Balance, June 30, 2018	\$ 20,909,227
Support, revenue, and transfers	1,483,687
Allocations, grants, expenses, and transfers	<u>(1,994,362)</u>
Balance, June 30, 2019	<u>\$ 20,398,552</u>

### Note 11—Vanderbilt Hillel Endowed Funds

Approximately \$2,900,000 of donor-restricted funds were transferred to the Federation's investment accounts from Vanderbilt University (the "University") during the year ended June 30, 2016 as a charitable endowment ("Endowed Funds") for the perpetual benefit and support of Vanderbilt Hillel, Inc.'s activities that enhance Jewish life at the University. The Federation has agreed to hold, manage, invest, and reinvest the Endowed Funds. If Vanderbilt Hillel, Inc. ever ceases to exist, the Endowed Funds balance will be transferred to the University's endowment. During the years ended June 30, 2020 and 2019, the Federation received additional funds of approximately \$0- and \$253,000, respectively, for Endowed Funds. Also under the agreement, the Federation has agreed to distribute 5% of the fair market value of the Endowed Funds based on a trailing 12-month rolling market average. All such funds held for the benefit of Vanderbilt Hillel, Inc. are reported as funds held for others in the accompanying statements of financial position.

### Note 12—Retirement plan

The Federation sponsors a retirement plan covering substantially all employees. Participants must contribute a minimum of 1% of their compensation and may contribute up to a maximum of 20% each year. The Federation makes matching contributions up to 5% of compensation for employees who have at least one year of service. The Federation made contributions of \$34,865 and \$24,458 to the plan during the years ended June 30, 2020 and 2019, respectively. Additionally, the Federation has established a deferred compensation plan for the benefit of one employee in which this employee receives contributions in amounts as determined by the Board of Directors.

### Note 13—Donated services and facilities

The value of services donated by individuals in annual fundraising campaigns is not reflected in the financial statements because of the lack of an objective basis by which to measure such value. In addition, the Federation does not recognize the value (approximately \$70,000 annually) of the use of facilities furnished by the GJCC. In management's opinion, such reporting does not materially affect the financial statements.

# JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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### **Note 14—Related party transactions**

The Federation has outstanding pledges from board members and employees amounting to approximately \$114,000 and \$75,000 for the years ended June 30, 2020 and 2019, respectively.

### **Note 15—Deferred revenue**

The Federation received a Paycheck Protection Program (“PPP”) loan in the amount of \$212,653. The PPP loan is granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (“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 Federation does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The Federation has deferred recognition of grant revenue for the year ended June 30, 2020, because the conditions for forgiveness have not yet been substantially met, however, the Federation believes it will substantially meet the conditions required for forgiveness in the following year.

### **Note 16—Uncertainty**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in the financial markets. The coronavirus outbreak and government responses are creating disruption to global supply chains and adversely impacting many industries. The outbreak could have a material, adverse impact on the economic and market conditions and trigger a period of global economic shutdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material, adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Federation, its performance, and its financial results.