

**JEWISH FEDERATION OF NASHVILLE
AND MIDDLE TENNESSEE**

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2022 and 2021

And Report of Independent Auditor

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Report of Independent Auditor

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Federation as of June 30, 2022 and 2021, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Federation's ability to continue as a going concern for a reasonable period of time.

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

Cherry Bekaert LLP

Nashville, Tennessee
December 27, 2022

JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 730,541	\$ 851,742
Investments	38,745,535	39,868,266
Pledges receivable, less allowance for uncollectible pledges of \$91,991	893,604	793,147
Other receivables	37,287	34,122
Employee Retention Credit receivable	459,558	-
Furniture and equipment, net of accumulated depreciation of \$154,394 and \$117,005 respectively	52,096	77,275
Total Assets	<u>\$ 40,918,621</u>	<u>\$ 41,624,552</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 266,311	\$ 304,870
Allocations payable	185,944	174,836
Funds held for others	9,392,396	7,380,629
Total Liabilities	<u>9,844,651</u>	<u>7,860,335</u>
Net Assets:		
Without Donor Restrictions:		
Designated by governing board for endowment program	20,149,308	22,607,040
Undesignated	756,587	73,354
Board designated	402,485	490,877
Total Without Donor Restrictions	<u>21,308,380</u>	<u>23,171,271</u>
With Donor Restrictions	9,765,590	10,592,946
Total Net Assets	<u>31,073,970</u>	<u>33,764,217</u>
Total Liabilities and Net Assets	<u>\$ 40,918,621</u>	<u>\$ 41,624,552</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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Public support received directly	\$ 1,211,617	\$ 1,940,525	\$ 3,152,142
Investment loss, net	(1,635,152)	(622,309)	(2,257,461)
Employee Retention Credit revenue	459,558	-	459,558
Observer publication	176,942	-	176,942
Other	220,040	-	220,040
Net Assets Released from Restrictions:			
Annual campaign	1,803,483	(1,803,483)	-
Other	342,089	(342,089)	-
Total Support and Revenue	<u>2,578,577</u>	<u>(827,356)</u>	<u>1,751,221</u>
Expenses:			
Program services	3,417,285	-	3,417,285
Supporting Services:			
Fundraising	437,770	-	437,770
Management and general	586,413	-	586,413
Total Expenses	<u>4,441,468</u>	<u>-</u>	<u>4,441,468</u>
Change in net assets	(1,862,891)	(827,356)	(2,690,247)
Net assets, beginning of year	<u>23,171,271</u>	<u>10,592,946</u>	<u>33,764,217</u>
Net assets, end of year	<u>\$ 21,308,380</u>	<u>\$ 9,765,590</u>	<u>\$ 31,073,970</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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Public support received directly	\$ 483,089	\$ 1,915,131	\$ 2,398,220
Investment income, net	5,023,176	1,746,171	6,769,347
Observer publication	142,343	-	142,343
Other	435,518	-	435,518
Net Assets Released from Restrictions:			
Annual campaign	1,323,128	(1,323,128)	-
Other	322,005	(322,005)	-
Total Support and Revenue	<u>7,729,259</u>	<u>2,016,169</u>	<u>9,745,428</u>
Expenses:			
Program services	3,959,076	-	3,959,076
Supporting Services:			
Fundraising	430,858	-	430,858
Management and general	565,000	-	565,000
Total Expenses	<u>4,954,934</u>	<u>-</u>	<u>4,954,934</u>
Change in net assets	2,774,325	2,016,169	4,790,494
Net assets, beginning of year	<u>20,396,946</u>	<u>8,576,777</u>	<u>28,973,723</u>
Net assets, end of year	<u>\$ 23,171,271</u>	<u>\$ 10,592,946</u>	<u>\$ 33,764,217</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, 2022

	Program Services	Fundraising	Management and General	Total
Salaries	\$ 511,810	\$ 239,380	\$ 331,610	\$ 1,082,800
Employee insurance	42,692	19,968	27,661	90,321
Payroll taxes	35,473	16,591	22,983	75,047
Retirement plan expense	19,945	9,329	12,923	42,197
Employee benefits	2,269	1,061	1,470	4,800
Total Salaries and Employee Benefits	612,189	286,329	396,647	1,295,165
Grants	2,636,886	-	-	2,636,886
Other operations	31,363	28,951	67,623	127,937
Campaign programs	-	77,459	-	77,459
Observer publication	73,611	-	-	73,611
Printing and publications	24,252	24,179	24,179	72,610
Depreciation and amortization	-	-	37,389	37,389
Accounting and legal fees	-	-	24,391	24,391
Postage	15,829	1,842	2,878	20,549
Staff development	4,020	6,546	2,726	13,292
Contract services	12,896	-	-	12,896
Insurance	-	-	11,424	11,424
Life and legacy	-	7,687	-	7,687
Conferences, meetings and travel	1,855	1,712	3,999	7,566
Credit card fees	-	-	6,450	6,450
Storage and back-up	-	-	4,133	4,133
Telephone	1,223	1,219	1,219	3,661
Equipment contract	1,021	1,018	1,018	3,057
Supplies	296	692	1,987	2,975
Memberships and subscriptions	1,844	136	350	2,330
Total Expenses	<u>\$ 3,417,285</u>	<u>\$ 437,770</u>	<u>\$ 586,413</u>	<u>\$ 4,441,468</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, 2021

	Program Services	Fundraising	Management and General	Total
Salaries	\$ 461,873	\$ 271,102	\$ 332,577	\$ 1,065,552
Payroll taxes	31,363	18,409	22,584	72,356
Employee insurance	27,144	15,933	19,546	62,623
Retirement plan expense	16,979	9,966	12,227	39,172
Employee benefits	2,247	1,319	1,618	5,184
Total Salaries and Employee Benefits	539,606	316,729	388,552	1,244,887
Grants	3,266,968	-	-	3,266,968
Other operations	22,317	20,600	48,118	91,035
Printing and publications	21,344	21,280	21,280	63,904
Observer publication	59,526	-	-	59,526
Campaign programs	-	47,839	-	47,839
Depreciation	-	-	38,403	38,403
Equipment contract	9,504	9,475	9,475	28,454
Legal and accounting fees	-	-	26,289	26,289
Postage	17,143	1,995	3,117	22,255
Staff development	4,909	7,994	3,329	16,232
Contract services	12,633	-	-	12,633
Insurance	-	-	10,507	10,507
Credit card fees	-	-	7,031	7,031
Telephone	1,633	1,628	1,628	4,889
Storage and back-up	-	-	4,106	4,106
Memberships and subscriptions	2,968	218	564	3,750
Supplies	321	752	2,161	3,234
Life and legacy	-	2,160	-	2,160
Conferences, meetings, and travel	204	188	440	832
Total Expenses	<u>\$ 3,959,076</u>	<u>\$ 430,858</u>	<u>\$ 565,000</u>	<u>\$ 4,954,934</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (2,690,247)	\$ 4,790,494
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	37,389	38,403
Net loss (gain) on investments	5,312,362	(6,898,446)
Changes in operating assets and liabilities:		
Pledges receivable	(100,457)	54,143
Other receivables	(3,165)	7,142
Employee Retention Credit receivable	(459,558)	-
Accounts payable and accrued expenses	(38,559)	203,739
Deferred revenue	-	(212,653)
Allocations payable	11,108	(12,714)
Funds held for others	2,011,767	1,680,900
Net cash flows from operating activities	<u>4,080,640</u>	<u>(348,992)</u>
Cash flows from investing activities:		
Purchases of furniture and equipment	(12,210)	(10,926)
Purchases of investments	(22,690,127)	(11,167,181)
Proceeds from sale or redemption of investments	18,500,496	11,695,336
Net cash flows from investing activities	<u>(4,201,841)</u>	<u>517,229</u>
Change in cash and cash equivalents	(121,201)	168,237
Cash and cash equivalents, beginning of year	851,742	683,505
Cash and cash equivalents, end of year	<u>\$ 730,541</u>	<u>\$ 851,742</u>

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

JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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. The Federation’s Board of Directors may designate net assets without donor restrictions for various purposes (Note 9).

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 (loss) shown in the statements of activities includes interest, dividends, and realized and unrealized gains and losses, net of investment expenses of approximately \$188,000 and \$169,000 for the years ended June 30, 2022 and 2021, respectively. Investment income (loss) is reported in the period received as an increase (decrease) 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 (loss) 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, 2022 AND 2021

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 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 December 27, 2022, when these financial statements were available to be issued.

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.

JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 3—Liquidity and availability of resources (continued)

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:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 730,541	\$ 851,742
Pledges receivable, net	893,604	793,147
Other receivables	37,287	34,122
Investments	<u>38,745,535</u>	<u>39,868,266</u>
Total financial assets	<u>40,406,967</u>	<u>41,547,277</u>
Less amounts not available to be used for general expenditures within one year:		
Purpose and time restrictions	9,765,590	10,592,946
Board designations	20,551,793	23,097,917
Funds held for others	<u>9,392,396</u>	<u>7,380,629</u>
Financial assets not available to be used within one year	<u>39,709,779</u>	<u>41,071,492</u>
Financial assets available to meet general expenditures within one year	<u>\$ 697,188</u>	<u>\$ 475,785</u>

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 \$482,000 and \$500,000 as of June 30, 2022 and 2021, 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.

JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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, 2022 and 2021.

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.

JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 89,530	\$ -	\$ -	\$ 89,530
Mutual funds:				
Fixed income	11,555,980	-	-	11,555,980
Domestic equity	9,897,047	-	-	9,897,047
International equity	6,832,157	-	-	6,832,157
Israel and fixed income bonds	495,809	714,530	-	1,210,339
Alternative investment funds	-	-	9,160,482	9,160,482
Total	<u>\$ 28,870,523</u>	<u>\$ 714,530</u>	<u>\$ 9,160,482</u>	<u>\$ 38,745,535</u>

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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 77,571	\$ -	\$ -	\$ 77,571
Mutual funds:				
Fixed income	11,424,319	-	-	11,424,319
Domestic equity	10,817,362	-	-	10,817,362
International equity	7,862,422	-	-	7,862,422
Israel and fixed income bonds	495,782	734,911	-	1,230,693
Alternative investment funds	-	-	8,455,899	8,455,899
Total	<u>\$ 30,677,456</u>	<u>\$ 734,911</u>	<u>\$ 8,455,899</u>	<u>\$ 39,868,266</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, 2022:

Balance, June 30, 2021	\$ 8,455,899
Sales	(624,870)
Purchases	214,518
Realized gain	274,323
Unrealized gain	840,612
Balance, June 30, 2022	<u>\$ 9,160,482</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, 2021:

Balance, June 30, 2020	\$ 7,119,576
Sales	(498,778)
Purchases	185,279
Realized gain	266,142
Unrealized loss	1,383,680
Balance, June 30, 2021	<u>\$ 8,455,899</u>

JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 7—Funds held for others

The funds held for the entities listed below 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 respective entities. The Federation only administers the changes in these funds. Funds held for others were as follows at June 30:

	<u>2022</u>	<u>2021</u>
Vanderbilt Hillel, Inc.	\$ 4,129,739	\$ 4,759,854
Gordon Jewish Community Center	645,449	681,199
Akiva School	1,324,436	1,299,778
Jewish Family Service	41,456	32,678
West End Synagogue	2,723,041	-
Congregation Sherith Israel Cemetery Fund	528,275	607,120
Total funds held for others	<u>\$ 9,392,396</u>	<u>\$ 7,380,629</u>

Note 8—Net assets with donor restrictions

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

	<u>2022</u>	<u>2021</u>
Contributions received to fund the following year's allocations	\$ 1,794,337	\$ 1,803,483
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	7,915,887	8,734,097
Total net assets with donor restrictions	<u>\$ 9,765,590</u>	<u>\$ 10,592,946</u>

Note 9—Board designated net assets

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

	<u>2022</u>	<u>2021</u>
Endowment program	\$ 20,149,308	\$ 22,607,040
Technology	45,451	82,205
New Initiatives	103,038	103,038
Jewish Sleep Away Camp Scholarships	4,221	4,221
Mission Fund	40,389	40,389
President and Executive Fund	76,979	46,497
Board Discretionary Fund	82,609	137,252
Net investment in furniture and equipment	49,798	77,275
Total board designated net assets	<u>\$ 20,551,793</u>	<u>\$ 23,097,917</u>

JEWISH FEDERATION OF NASHVILLE AND MIDDLE TENNESSEE
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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, 2022:

Unrestricted:	
Board-designated endowments	<u>\$ 20,149,308</u>

Changes in endowment net assets for the year ended June 30, 2022:

Balance, June 30, 2021	\$ 22,607,040
Support, revenue, and transfers	3,118,844
Realized and unrealized investment losses	(3,720,552)
Allocations, grants, expenses, and transfers	<u>(1,856,024)</u>
Balance, June 30, 2022	<u>\$ 20,149,308</u>

Endowment net asset composition by type of fund at June 30, 2021:

Unrestricted:	
Board-designated endowments	<u>\$ 22,607,040</u>

Changes in endowment net assets for the year ended June 30, 2021:

Balance, June 30, 2020	\$ 19,447,601
Support, revenue, and transfers	1,241,803
Realized and unrealized investment gains	4,067,467
Allocations, grants, expenses, and transfers	<u>(2,149,831)</u>
Balance, June 30, 2021	<u>\$ 22,607,040</u>

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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. 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 \$42,197 and \$39,172 to the plan during the years ended June 30, 2022 and 2021, 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.

Note 14—Related party transactions

The Federation has outstanding pledges from board members and employees amounting to approximately \$164,000 and \$81,000 for the years ended June 30, 2022 and 2021, respectively. Contributions from board members and employees amounting to approximately \$181,000 and \$77,000 for the years ended June 30, 2022 and 2021, respectively.

Note 15—Deferred revenue

During the year ended June 30, 2021, the Federation received a Paycheck Protection Program ("PPP") loan in the amount of \$212,653, which was established under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and administered by the Small Business Administration ("SBA"). The application for the PPP loan requires the Federation to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of the Federation. This certification further requires the Federation to take into account current business activity and the ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the business. The receipt of the funds from the PPP loan and the forgiveness of the PPP loan is dependent on the Federation having initially qualified for the PPP loan and qualifying for the forgiveness of such PPP loan based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loan. The Federation applied for forgiveness with the SBA and the SBA forgave the PPP loan in full on November 2, 2020. As a result, the Federation recognized \$212,653 as other revenue on the statement of activities for the year ended June 30, 2021.

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Note 16—Employee Retention Credit

The CARES Act contains the Employee Retention Credit (“ERC”), a refundable payroll tax credit available to employers that have experienced hardship in their operations due to the COVID-19 outbreak. The Federation qualified for \$459,558 of ERC for various quarters during the years ended June 30, 2021 and 2020. The Federation selected ASC 958-605 as the applicable standard for accounting for ERC and, as such, recognized the ERC when the qualifying wages were incurred and any barriers to realization were overcome, which was deemed to be during the year ended June 30, 2022 with the filing of the amended payroll tax returns. \$459,558 has been recorded as Employee Retention Credit receivable and Employee Retention Credit revenue in the June 30, 2022 statement of financial position and statement of activities, respectively, for the year ended June 30, 2022.

Subsequent to June 30, 2022, the Federation received the ERC for all quarters in the amount of \$459,558.