

JEWISH FAMILY SERVICE OF NASHVILLE
AND MIDDLE TENNESSEE, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2023 AND 2022

JEWISH FAMILY SERVICE OF NASHVILLE
AND MIDDLE TENNESSEE, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jewish Family Service of Nashville and Middle Tennessee, Inc.
Nashville, Tennessee

OPINION

We have audited the financial statements of Jewish Family Service of Nashville and Middle Tennessee, Inc. ("JFS") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, functional expense and cash flows for the year then ended, and the related notes to the financial statements.

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

BASIS FOR OPINION

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

OTHER MATTER

The financial statements of JFS as of June 30, 2022 were audited by other auditors, whose report dated January 10, 2023, expressed an unmodified opinion on those statements.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of JFS'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 JFS'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.

Kraft CPAs PLLC

Nashville, Tennessee
January 4, 2024

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 138,973	\$ 137,457
Grants receivable from Jewish Federation	11,334	22,980
Contributions receivable	21,615	33,572
Accounts and other receivables, less allowance for doubtful accounts of \$2,500 for 2023 and 2022	5,434	7,220
Prepaid expenses	3,111	3,122
Investments	1,453,347	1,246,395
Property and equipment, net	<u>6,145</u>	<u>8,618</u>
 TOTAL ASSETS	 <u>\$ 1,639,959</u>	 <u>\$ 1,459,364</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 13,644	\$ 6,527
Accrued expenses	<u>18,256</u>	<u>16,634</u>
 TOTAL LIABILITIES	 <u>31,900</u>	 <u>23,161</u>
 <u>NET ASSETS</u>		
Without donor restrictions	1,422,871	1,290,048
With donor restrictions	<u>185,188</u>	<u>146,155</u>
 TOTAL NET ASSETS	 <u>1,608,059</u>	 <u>1,436,203</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,639,959</u>	 <u>\$ 1,459,364</u>

See accompanying notes to financial statements.

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Fundraising events, net of expenses of \$27,788	\$ 288,577	\$ -	\$ 288,577
Jewish Federation grants	135,997	-	135,997
Contributions	24,880	68,959	93,839
Other grants	56,426	-	56,426
Program service fees, net	43,642	-	43,642
Contributed facilities	36,000	-	36,000
Investment income	31,719	-	31,719
Distributions from the Jewish Foundation	3,211	-	3,211
Net assets released from restrictions	<u>33,941</u>	<u>(33,941)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>654,393</u>	<u>35,018</u>	<u>689,411</u>
EXPENSES			
Program services:			
Senior services	84,834	-	84,834
Counseling and case management	175,218	-	175,218
Family and community education	54,724	-	54,724
Adoption	39,189	-	39,189
Financial aid/kosher food box	<u>72,328</u>	<u>-</u>	<u>72,328</u>
Total program services	<u>426,293</u>	<u>-</u>	<u>426,293</u>
Supporting services:			
Management and general	90,063	-	90,063
Fundraising	<u>89,651</u>	<u>-</u>	<u>89,651</u>
Total supporting services	<u>179,714</u>	<u>-</u>	<u>179,714</u>
TOTAL EXPENSES	<u>606,007</u>	<u>-</u>	<u>606,007</u>
CHANGE IN NET ASSETS FROM OPERATIONS	48,386	35,018	83,404
NET GAIN ON INVESTMENTS	<u>84,437</u>	<u>4,015</u>	<u>88,452</u>
CHANGE IN NET ASSETS	132,823	39,033	171,856
NET ASSETS - BEGINNING OF YEAR	<u>1,290,048</u>	<u>146,155</u>	<u>1,436,203</u>
NET ASSETS - END OF YEAR	<u>\$ 1,422,871</u>	<u>\$ 185,188</u>	<u>\$ 1,608,059</u>

See accompanying notes to financial statements.

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Fundraising events, net of expenses of \$34,051	\$ 290,718	\$ -	\$ 290,718
Jewish Federation grants	139,000	-	139,000
Contributions	36,801	83,139	119,940
Other grants	45,975	-	45,975
Program service fees, net	33,039	-	33,039
Contributed facilities	33,660	-	33,660
Investment income	54,722	-	54,722
Distributions from the Jewish Foundation	3,211	-	3,211
Net assets released from restrictions	<u>7,238</u>	<u>(7,238)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>644,364</u>	<u>75,901</u>	<u>720,265</u>
EXPENSES			
Program services:			
Senior services	67,429	-	67,429
Counseling and case management	164,210	-	164,210
Family and community education	59,307	-	59,307
Adoption	38,601	-	38,601
Financial aid/kosher food box	49,607	-	49,607
Total program services	<u>379,155</u>	<u>-</u>	<u>379,154</u>
Supporting services:			
Management and general	97,367	-	97,367
Fundraising	83,485	-	83,485
Total supporting services	<u>180,852</u>	<u>-</u>	<u>180,852</u>
TOTAL EXPENSES	<u>560,007</u>	<u>-</u>	<u>560,006</u>
CHANGE IN NET ASSETS FROM OPERATIONS	84,357	75,901	160,258
NET LOSS ON INVESTMENTS	<u>(199,035)</u>	<u>(3,799)</u>	<u>(202,834)</u>
CHANGE IN NET ASSETS	(114,678)	72,102	(42,576)
NET ASSETS - BEGINNING OF YEAR	<u>1,404,726</u>	<u>74,053</u>	<u>1,478,779</u>
NET ASSETS - END OF YEAR	<u>\$ 1,290,048</u>	<u>\$ 146,155</u>	<u>\$ 1,436,203</u>

See accompanying notes to financial statements.

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Program Services					Supporting Services			Total Supporting Total	Total
	Senior Services	Counseling and Case Management	Family and Community Education	Adoption	Financial Aid/ Kosher Food Box	Total Program Services	Management and General	Fundraising		
Salaries	\$ 44,791	\$ 115,588	\$ 31,205	\$ 20,088	\$ 21,228	\$ 232,900	\$ 60,041	\$ 59,516	\$ 119,557	\$ 352,457
Employee health and retirement benefits	2,160	14,039	4,273	1,871	4,141	26,484	5,276	5,383	10,659	37,143
Payroll taxes	3,282	8,336	2,248	1,491	1,543	16,900	4,529	4,472	9,001	25,901
Total payroll expenses	50,233	137,963	37,726	23,450	26,912	276,284	69,846	69,371	139,217	415,501
Professional fees	10,114	13,609	5,099	6,804	4,990	40,616	4,990	4,990	9,980	50,596
Rent	3,960	10,800	3,960	5,400	3,960	28,080	3,960	3,960	7,920	36,000
Supplies	652	1,792	574	750	550	4,318	2,477	682	3,159	7,477
Program food expense	14,232	251	5,552	-	13,597	33,632	-	-	-	33,632
Specific assistance	1,133	-	-	-	18,698	19,831	-	-	-	19,831
Marketing and public relations	2,088	980	351	503	787	4,709	350	1,490	1,840	6,549
Other	546	813	71	97	1,488	3,015	7,003	6,508	13,511	16,526
Telephone	124	4,613	270	523	124	5,654	124	124	248	5,902
Depreciation	431	431	231	231	331	1,655	408	408	816	2,471
Insurance	583	1,577	583	794	582	4,119	583	583	1,166	5,285
Postage and delivery	21	122	21	30	22	216	50	1,303	1,353	1,569
Dues and subscriptions	197	834	198	370	198	1,797	198	198	396	2,193
Conferences, conventions and meetings	27	73	27	35	27	189	27	27	54	243
Taxes, licenses and other	128	1,208	50	110	-	1,496	40	-	40	1,536
Travel	365	152	11	92	62	682	7	7	14	696
TOTAL EXPENSES	\$ 84,834	\$ 175,218	\$ 54,724	\$ 39,189	\$ 72,328	\$ 426,293	\$ 90,063	\$ 89,651	\$ 179,714	\$ 606,007

See accompanying notes to financial statements.

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Program Services					Supporting Services			Total Supporting Total	Total
	Senior Services	Counseling and Case Management	Family and Community Education	Adoption	Financial Aid/ K kosher Food Box	Total Program Services	Management and General	Fundraising		
Salaries	\$ 38,787	\$ 104,164	\$ 33,761	\$ 19,978	\$ 15,231	\$ 211,921	\$ 60,469	\$ 56,685	\$ 117,154	\$ 329,075
Employee health and retirement benefits	2,664	13,500	3,481	1,746	4,509	25,900	7,072	6,025	13,097	38,997
Payroll taxes	3,093	7,633	2,489	1,469	1,133	15,817	4,499	4,139	8,638	24,455
Total payroll expenses	44,544	125,297	39,731	23,193	20,873	253,638	72,039	66,849	138,889	392,527
Professional fees	9,242	16,268	6,745	6,974	6,981	46,210	9,298	3,959	13,257	59,467
Rent	3,703	10,098	3,703	5,049	3,703	26,255	3,703	3,703	7,406	33,661
Supplies	809	2,781	488	644	533	5,254	898	3,129	4,027	9,281
Program food expense	6,109	1,606	6,326	122	8,703	22,866	-	-	-	22,866
Specific assistance	-	-	-	-	6,187	6,187	-	-	-	6,187
Marketing and public relations	1,316	987	460	423	1,304	4,491	696	137	833	5,324
Other	-	-	-	-	-	-	7,305	3,641	10,946	10,946
Telephone	535	3,641	682	561	132	5,552	157	132	289	5,841
Depreciation	287	594	288	206	304	1,680	499	372	871	2,551
Insurance	540	1,472	540	736	539	3,827	540	540	1,080	4,907
Postage and delivery	-	4	-	-	-	4	801	667	1,468	1,472
Dues and subscriptions	209	675	209	410	209	1,712	524	209	733	2,445
Conferences, conventions and meetings	53	505	53	172	53	836	53	53	106	942
Taxes, licenses and other	40	110	40	55	40	285	811	50	861	1,146
Travel	42	172	43	56	45	358	43	43	86	444
TOTAL EXPENSES	\$ 67,429	\$ 164,210	\$ 59,307	\$ 38,601	\$ 49,607	\$ 379,155	\$ 97,367	\$ 83,485	\$ 180,852	\$ 560,007

See accompanying notes to financial statements.

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 171,856	\$ (42,576)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,473	2,551
Net realized and unrealized investment loss (gains)	(88,452)	202,834
Endowment contributions for long-term purposes	(30,000)	-
Increase (decrease) in:		
Grants receivable from Jewish Federation	11,646	(8,933)
Contributions receivable	11,957	(26,400)
Accounts and other receivables	1,786	(1,919)
Prepaid expenses	11	908
Increase (decrease) in:		
Accounts payable	7,117	3,980
Accrued expenses	1,622	(699)
TOTAL ADJUSTMENTS	<u>(81,840)</u>	<u>172,322</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>90,016</u>	<u>129,746</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(390,766)	(196,759)
Proceeds from sale of investments	302,266	74,274
NET CASH USED IN INVESTING ACTIVITIES	<u>(88,500)</u>	<u>(122,485)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,516	7,261
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>137,457</u>	<u>130,196</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 138,973</u>	<u>\$ 137,457</u>

See accompanying notes to financial statements.

JEWISH FAMILY SERVICE OF NASHVILLE
AND MIDDLE TENNESSEE, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 1 - NATURE OF ORGANIZATION

Jewish Family Service of Nashville and Middle Tennessee, Inc. (“JFS”) is a Tennessee not-for-profit corporation. Its purpose is to provide a full range of social services. These services include counseling and psychotherapy, emergency financial assistance to the Jewish community, adoption, case management, information and referral, Jewish family and community education, and other social service activities. The service area is Davidson County and Middle Tennessee.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of JFS. These net assets may be used at the discretion of JFS’s management and the Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of JFS or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in various bank accounts, and all highly liquid investments with an original maturity of three months or less when purchased. Cash and other short-term investments held in brokerage accounts are classified as investments.

JEWISH FAMILY SERVICE OF NASHVILLE
AND MIDDLE TENNESSEE, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Accounts receivable for counseling services are uncollateralized client obligations due at the time the service is provided. Late fees or interest charges are not assessed on delinquent accounts. The carrying amount of accounts receivable is reduced by a valuation allowance, if necessary, which reflects management's best estimate of the amounts that will not be collected.

Investments

Investments in marketable securities, mutual funds, and other readily marketable assets are reported at fair value, based on quoted prices in active markets (referred to as Level 1 inputs under GAAP). Unrealized gains and losses are recognized annually based on the change in aggregate fair value.

JFS invests in various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility.

Property and Equipment

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

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

Revenue Recognition

Revenues are recognized when control of services is transferred to customers, in an amount that reflects the consideration JFS expects to be entitled to charge for those services. JFS does not have any significant financing components as payment is generally received in advance of providing the service. Any costs incurred to obtain a contract are expensed as incurred when the amortization period is less than a year.

Jewish Federation grants - Grant revenue from the Jewish Federation of Nashville and Middle Tennessee ("Jewish Federation") is recorded when expenditures are incurred that will be reimbursed by the grantor.

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

JEWISH FAMILY SERVICE OF NASHVILLE
AND MIDDLE TENNESSEE, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

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

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

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

Income Taxes

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

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

Donated Services and Facilities

The value of services donated by individuals who assist with programs is not reflected in the financial statements since it does not meet the recording requirements specified by Accounting Standards Update ("ASU") 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category.

JEWISH FAMILY SERVICE OF NASHVILLE
AND MIDDLE TENNESSEE, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and Facilities (continued)

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

Fair Value Measurements

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

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

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

Mutual funds are classified within Level 1 where quoted market prices are available in an active market for identical assets. If quoted market prices are unavailable, fair value is estimated using quoted market prices of investments with similar characteristics, and the investments are classified within Level 2.

Marketable debt securities for which quotations are readily available in active markets are valued at the most recent quote in the principal market in which such securities are normally traded. These investments also include securities valued on the basis of information provided by pricing services that employ valuation matrices that may incorporate both broker/dealer-supplied valuations as well as valuation models reflecting factors as benchmark yields, reported trades, broker/dealer quotes, bid/offer data and other relevant elements.

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

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while JFS believes its valuation methodologies are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

JEWISH FAMILY SERVICE OF NASHVILLE
AND MIDDLE TENNESSEE, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Senior Services - Supports senior adults and people with disabilities in the Nashville Jewish community. The Temple also provides funds necessary to support a Temple senior lunch program.

Counseling and Case Management - Provides on-going individual, family, and marital counseling using various therapeutic approaches.

Family and Community Education - Includes group presentations and workshops to strengthen Jewish family life.

Financial Aid/Kosher Food Box - Provides emergency financial assistance or a monthly food box containing Kosher food items to those in need. Recipients are interviewed by a social worker to determine eligibility.

The programs listed above are subsidized by a grant from the Jewish Federation.

Adoption - Provides birth parent counseling, domestic and international home studies, and postadoption services.

Supporting Services

Management and General - relates to the overall direction of JFS. These expenses are not identifiable with a particular program or event, or with fundraising, but are indispensable to the conduct of those activities and are essential to JFS. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing and other administrative activities.

Fundraising - includes costs of activities directed toward appeals for financial support, including special events. Other activities include the creation and distribution of fundraising materials.

JEWISH FAMILY SERVICE OF NASHVILLE
AND MIDDLE TENNESSEE, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that were allocated consist primarily of salary and related expenses, professional fees, rent, insurance, postage, dues, specific assistance, supplies and depreciation which have been allocated based on time and effort.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Events Occurring after Reporting Date

JFS has evaluated events and transactions that occurred between June 30, 2023 and January 4, 2024, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

JFS 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, JFS considers all expenditures related to its ongoing program services activities, as well as the conduct of services undertaken to support those activities to be general expenditures. As a part of JFS liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

JEWISH FAMILY SERVICE OF NASHVILLE
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

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, are comprised of the following at June 30, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Financial assets at year end		
Cash and cash equivalents	\$ 138,973	\$ 137,457
Grants receivable from Jewish Federation	11,334	22,980
Contributions receivable	21,615	33,572
Accounts and other receivables, less allowances	5,434	7,220
Investments	<u>1,453,347</u>	<u>1,246,395</u>
Total financial assets	1,630,703	1,447,624
Less amounts unavailable for general expenditures within one year, due to:		
Contributions restricted for specific programs	(88,103)	(104,700)
Endowment	<u>(75,470)</u>	<u>(41,455)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,467,130</u>	<u>\$ 1,301,469</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 4 - FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the JFS's assets at fair value at June 30:

<u>2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Balanced mutual funds	\$ 185,221	\$ -	\$ -	\$ 185,221
Stock mutual funds	677,748	-	-	677,748
Bond mutual funds	432,439	-	-	432,439
Money market funds	82,468	-	-	82,468
	<u>\$ 1,377,877</u>	<u>\$ -</u>	<u>\$ -</u>	1,377,877
Pooled investment funds*				<u>75,470</u>
Total investments at fair value				<u>\$ 1,453,347</u>
<u>2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Balanced mutual funds	\$ 179,089	\$ -	\$ -	\$ 179,089
Stock mutual funds	595,514	-	-	595,514
Bond mutual funds	371,648	-	-	371,648
Money market funds	58,689	-	-	58,689
	<u>\$ 1,204,940</u>	<u>\$ -</u>	<u>\$ -</u>	1,204,940
Pooled investment funds*				<u>41,455</u>
Total investments at fair value				<u>\$ 1,246,395</u>

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2023	2022
Leasehold improvements	\$ 15,063	\$ 15,064
Furniture, equipment, and software	19,143	19,143
	34,206	34,207
Less accumulated depreciation and amortization	(28,061)	(23,038)
	\$ 6,145	\$ 11,169

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

JFS has received contributions from donors with the stipulation that such contributions are to be used for specific purposes. Net assets with donor restrictions consist of the following at June 30:

	2023	2022
Purpose restrictions:		
Senior Seder Fund	\$ 25,000	\$ 20,000
Flexer Greatest Need Fund	30,223	25,244
Jacobsen Greatest Need Fund	23,875	18,888
Laylani Fund	3,942	3,980
Trachtman Special Program	2,238	2,529
Needy Family Assistance Fund	382	382
Wall of Remembrance Fund	105	105
R&B Hirsch Greatest Needs Fund	2,338	-
Unappropriated accumulated total return on endowment funds with donor restrictions	6,893	2,878
Time restrictions:		
Unconditional promises to give	21,615	33,572
Corpus in perpetuity:		
Endowment funds with perpetual restrictions	68,577	38,577
Total net assets with donor restrictions	\$ 185,188	\$ 146,155

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 7 - ENDOWMENT

JFS's endowment was established to further its programs. The endowment funds for JFS were transferred to Jewish Federation to establish a separately managed fund known as JFS Endowment Fund (the "Fund") and will be administered by the Jewish Federation for the sole benefit of JFS. The Fund and any subsequent additional funds to the Funds will be invested in a manner consistent with JFS's standard investment policy. Annual distributions of income are made in accordance with the spending policy of JFS.

JFS has interpreted Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit restrictions to the contrary. JFS classifies as net assets held in perpetuity the sum of (a) the original value of gifts donated to the permanent endowments, (b) the original value of subsequent gifts to the permanent endowments, and (c) accumulations to the permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining donor-restricted endowment funds that are not classified as held in perpetuity are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by JFS in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

JFS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that JFS must hold in perpetuity or for a donor-specified period as well as any entity-designated funds. To satisfy its long-term return objectives, JFS relies on a total return strategy in which the investment returns are achieved through both capital appreciation (realized and unrealized) and current yield interest and dividends.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 7 - ENDOWMENT (CONTINUED)

JFS had the following endowment net asset composition by type of fund as of June 30:

2023	<u>With Donor Restrictions</u>
Donor-restricted endowment funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	\$ 68,577
Accumulated investment gains	<u>6,893</u>
	<u>\$ 75,470</u>
2022	<u>With Donor Restrictions</u>
Donor-restricted endowment funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	\$ 38,577
Accumulated investment gains	<u>2,878</u>
	<u>\$ 41,455</u>

A roll forward of endowment activity for the years ended June 30 is as follows:

2023	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 41,455
Contributions to donor restricted endowment	30,000
Investment gain	<u>4,015</u>
Endowment net assets, end of year	<u>\$ 75,470</u>
2022	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 32,677
Contributions to donor restricted endowment	12,577
Investment loss	<u>(3,799)</u>
Endowment net assets, end of year	<u>\$ 41,455</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 8 - DONATED FACILITIES

JFS's office space is located in the Center. No rent payments are required, but the use of donated facilities is recorded at its estimated value. Donated facilities amounted to \$36,000 for the year ended June 30, 2023 and 33,660 for year ended June 30, 2022, which are used to conduct JFS's programs.

NOTE 9 - PENSION PLAN

JFS employees who meet certain participation requirements may elect to participate in a defined contribution pension plan. Those who elect to participate must contribute a minimum of 1% of their covered wages and may contribute up to a maximum of 20% each year subject to Internal Revenue Service limitations. JFS has the option of making a matching contribution. During the years ended June 30, 2023 and 2022, JFS matched up to 5% of compensation of employees who participated in the defined contribution plan. For the years ended June 30, 2023 and 2022, JFS recognized expense of \$8,889 and \$11,668, respectively, in matching contributions.

NOTE 10 - CONCENTRATIONS

JFS maintains investment balances at various brokerage and investment companies. Generally, these investments are not insured by the FDIC or any other government agency and are subject to investment risk, including the risk of loss of principal. Investors are provided limited protection by the Securities Investor Protection Corporation ("SIPC"), which provides protection to investors in certain circumstances such as fraud or failure of the institution. Coverage is limited to \$500,000, including up to \$250,000 in cash. The SIPC does not insure against market risk.

JFS receives a substantial amount of its support from the Jewish Federation in the form of grants. A reduction in the level of this support, if this were to occur, may have a significant effect on JFS's programs and activities. Contributions received from the Jewish Federation during 2023 and 2022 represented 20% and 19% of total revenue.

NOTE 11 - SUBSEQUENT EVENTS

In December 2023, JFS received a contribution of \$100,000 to establish a new endowment fund. The endowment is an unrestricted endowment for the general benefit of Jewish Family Service, and proceeds can be spent at the discretion of the agency.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023 AND 2022

NOTE 12 - DONOR-DESIGNATED FUNDS

Donor-designated endowment funds have been established by donors with the Jewish Federation for the benefit of JFS. The Jewish Federation has the ultimate authority and control over these funds and, therefore, these investments are not included in the financial statements of JFS. Income distributed to JFS from these funds, which is recognized in the year received, amounted to \$3,211 during fiscal year 2023. Total assets held in these funds approximate \$79,000 at June 30, 2023.