

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

FINANCIAL STATEMENTS

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

And Report of Independent Auditor

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
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Report of Independent Auditor

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

Opinion

We have audited the accompanying financial statements of Jewish Family Service of Nashville and Middle Tennessee, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021 and the related statements of activities, cash flows, and functional expenses 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 Jewish Family Service of Nashville and Middle Tennessee, Inc. as of June 30, 2022 and 2021, and the results of its 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 Jewish Family Service of Nashville and Middle Tennessee, Inc. 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 Jewish Family Service of Nashville and Middle Tennessee, Inc.'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 Jewish Family Service of Nashville and Middle Tennessee, Inc.'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 Jewish Family Service of Nashville and Middle Tennessee, Inc.'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
January 10, 2023

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 137,457	\$ 130,196
Grants receivable from Jewish Federation	22,980	14,047
Contributions receivable	33,572	7,172
Accounts and other receivables, less allowance for doubtful accounts of \$2,500 for 2022 and 2021	7,220	5,301
Prepaid expenses	3,122	4,030
Investments	1,246,395	1,326,744
Property and equipment, net	8,618	11,169
Total Assets	<u>\$ 1,459,364</u>	<u>\$ 1,498,659</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 6,527	\$ 2,548
Accrued expenses	16,634	17,332
Total Liabilities	<u>23,161</u>	<u>19,880</u>
Net Assets:		
Net Assets without donor restrictions	1,290,048	1,404,726
Net Assets with donor restrictions	146,155	74,053
Total Net Assets	<u>1,436,203</u>	<u>1,478,779</u>
Total Liabilities and Net Assets	<u>\$ 1,459,364</u>	<u>\$ 1,498,659</u>

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

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Fundraisers, net of expenses of \$34,051	\$ 290,718	\$ -	\$ 290,718
Jewish Federation grants	139,000	-	139,000
Public support received directly	36,801	83,139	119,940
Other grants	45,975	-	45,975
Fees, net	33,039	-	33,039
Use of donated facilities	33,660	-	33,660
Investment income	54,722	-	54,722
Foundation distributions	3,211	-	3,211
Net assets released from restrictions	7,238	(7,238)	-
Total Support and Revenue	<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>379,155</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>560,007</u>
Change in net assets from operations	84,357	75,901	160,258
Net loss on investments	(199,035)	(3,799)	(202,834)
Change in net assets	(114,678)	72,102	(42,576)
Net assets, beginning of year	1,404,726	74,053	1,478,779
Net assets, end of year	<u>\$ 1,290,048</u>	<u>\$ 146,155</u>	<u>\$ 1,436,203</u>

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

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Fundraisers, net of expenses of \$3,235	\$ 258,039	\$ -	\$ 258,039
Jewish Federation grants	147,450	-	147,450
Public support received directly	146,027	13,362	159,389
Other grants	42,540	-	42,540
Fees, net	27,032	-	27,032
Use of donated facilities	33,660	-	33,660
Investment income	18,873	-	18,873
United Way	525	-	525
Foundation distributions	3,073	-	3,073
Net assets released from restrictions	563	(563)	-
Total Support and Revenue	<u>677,782</u>	<u>12,799</u>	<u>690,581</u>
Expenses:			
Program Services:			
Senior services	61,707	-	61,707
Counseling and case management	127,574	-	127,574
Family and community education	61,814	-	61,814
Adoption	44,163	-	44,163
Financial aid/Kosher food box	65,367	-	65,367
Total Program Services	<u>360,625</u>	<u>-</u>	<u>360,625</u>
Supporting Services:			
Management and general	107,080	-	107,080
Fundraising	79,930	-	79,930
Total Supporting Services	<u>187,010</u>	<u>-</u>	<u>187,010</u>
Total Expenses	<u>547,635</u>	<u>-</u>	<u>547,635</u>
Change in net assets from operations	130,147	12,799	142,946
Net gain on investments	224,416	7,677	232,093
Change in net assets	354,563	20,476	375,039
Net assets, beginning of year	1,050,163	53,577	1,103,740
Net assets, end of year	<u>\$ 1,404,726</u>	<u>\$ 74,053</u>	<u>\$ 1,478,779</u>

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

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
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	\$ (42,576)	\$ 375,039
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	2,551	4,547
Net realized and unrealized loss (gain) on investments	202,834	(232,093)
Changes in operating assets and liabilities:		
Grants receivable from Jewish Federation	(8,933)	2,653
Contributions receivable	(26,400)	(6,272)
Accounts and other receivables	(1,919)	3,469
Prepaid expenses	908	(260)
Accounts payable	3,980	(745)
Accrued expenses	(699)	3,619
Deferred grant revenue	-	(67,990)
Net cash flows from operating activities	<u>129,746</u>	<u>81,967</u>
Cash flows from investing activities:		
Purchases of investments	(196,759)	(422,746)
Sale of investments	<u>74,274</u>	<u>356,731</u>
Net cash flows from investing activities	<u>(122,485)</u>	<u>(66,015)</u>
Change in cash and cash equivalents	7,261	15,952
Cash and cash equivalents, beginning of year	<u>130,196</u>	<u>114,244</u>
Cash and cash equivalents, end of year	<u>\$ 137,457</u>	<u>\$ 130,196</u>

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

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services					Supporting Services			Total Expenses
	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	\$ 211,920	\$ 60,469	\$ 56,685	\$ 329,074
Employee health and retirement benefits	2,664	13,500	3,481	1,746	4,509	25,900	7,072	6,025	38,997
Payroll taxes	3,093	7,633	2,489	1,469	1,133	15,818	4,499	4,139	24,456
Total Payroll Expenses	44,544	125,297	39,731	23,193	20,873	253,638	72,039	66,849	392,526
Professional fees	9,242	16,268	6,745	6,974	6,981	46,210	9,298	3,959	59,468
Rent	3,703	10,098	3,703	5,049	3,703	26,255	3,703	3,703	33,660
Supplies	809	2,781	488	644	533	5,254	898	3,129	9,281
Program 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	5,324
Other	-	-	-	-	-	-	7,305	3,641	10,947
Telephone	535	3,641	682	561	132	5,552	157	132	5,841
Depreciation and amortization	287	594	288	206	304	1,680	499	372	2,551
Insurance	540	1,472	540	736	539	3,827	540	540	4,907
Postage and delivery	-	4	-	-	-	4	801	667	1,473
Dues and subscriptions	209	675	209	410	209	1,712	524	209	2,445
Conferences, conventions, and meetings	53	505	53	172	53	836	53	53	942
Taxes, licenses, and other	40	110	40	55	40	285	811	50	1,146
Travel	42	172	43	56	45	357	43	43	443
Total Expenses	\$ 67,429	\$ 164,210	\$ 59,307	\$ 38,601	\$ 49,607	\$ 379,155	\$ 97,367	\$ 83,485	\$ 560,007

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

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services					Supporting Services			Total Expenses
	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	\$ 38,553	\$ 72,075	\$ 40,276	\$ 27,175	\$ 22,854	\$ 200,933	\$ 63,403	\$ 57,859	\$ 322,195
Employee health and retirement benefits	2,488	12,425	3,215	1,632	4,100	23,860	6,897	5,529	36,286
Payroll taxes	2,854	5,226	2,918	1,987	1,660	14,645	4,702	4,318	23,665
Total Payroll Expenses	43,895	89,726	46,409	30,794	28,614	239,438	75,002	67,706	382,146
Professional fees	7,571	15,101	7,332	4,899	7,691	42,594	12,704	960	56,258
Rent	3,703	10,098	3,703	5,049	3,703	26,256	3,703	3,703	33,662
Supplies	1,829	4,565	466	514	526	7,900	3,478	2,930	14,308
Program expense	1,700	171	600	15	11,382	13,868	313	-	14,181
Specific assistance	1,121	-	516	-	10,513	12,150	-	-	12,150
Marketing and public relations	363	751	808	252	1,548	3,722	1,220	2,193	7,135
Other	-	2	-	-	-	2	6,635	158	6,795
Telephone	392	3,375	543	513	62	4,885	124	62	5,071
Depreciation and amortization	358	510	539	1,055	509	2,971	919	658	4,548
Insurance	494	1,347	494	674	494	3,503	494	494	4,491
Postage and delivery	30	55	96	9	-	190	1,373	815	2,378
Dues and subscriptions	165	450	165	250	165	1,195	430	165	1,790
Conferences, conventions, and meetings	-	979	-	23	-	1,002	483	-	1,485
Taxes, licenses, and other	67	182	67	91	147	554	67	67	688
Travel	19	262	76	25	13	395	135	19	549
Total Expenses	\$ 61,707	\$ 127,574	\$ 61,814	\$ 44,163	\$ 65,367	\$ 360,625	\$ 107,080	\$ 79,930	\$ 547,635

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

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 1—Nature of organization

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

Note 2—Summary of significant accounting policies

The financial statements of Jewish Family Service have been prepared on the accrual basis of accounting. 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 Jewish Family Service and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Jewish Family Service. These net assets may be used at the discretion of Jewish Family Service’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 Jewish Family Service or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent contributions receivable and amounts available for programs.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, Jewish Family Service reports the support as without donor restrictions.

Interest and investment income are recorded as revenue when received. Revenue is recorded for use of the donated facilities and donated services when the use of space or service occurs.

Cash and Cash Equivalents – Jewish Family Service considers all cash accounts and highly liquid investments with an original maturity when purchased of three months or less to be cash and cash equivalents. Cash and cash equivalents held in investment accounts are excluded from the definition of cash and cash equivalents.

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, overestimated useful lives of three to seven years for furniture and equipment and ten years for leasehold improvements.

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

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2—Summary of significant accounting policies (continued)

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, 2022 and 2021 are due within 12 months. Management considers all contributions at June 30, 2022 and 2021 to be fully collectible. As such, no allowance is recorded.

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.

Program and Supporting Services – The following program and supporting services are included in the accompanying financial statements:

- 1) *Senior Services* – Supports senior adults and people with disabilities in the Nashville Jewish community. Senior services are subsidized by a grant from the Jewish Federation. The Temple also provides funds necessary to support a Temple senior lunch program.
- 2) *Counseling and Case Management* – Provides on-going individual, family, and marital counseling using various therapeutic approaches.
- 3) *Family and Community Education* – Includes group presentations and workshops to strengthen Jewish family life.
- 4) *Adoption* – Provides birth parent counseling, domestic and international home studies, and post-adoption services.
- 5) *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.
- 6) *Management and General* – Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program or activity. Includes costs associated with providing coordination and implementation of Jewish Family Service’s program strategy, business management, general recordkeeping, budgeting, and related purposes.
- 7) *Fundraising* – Includes costs of activities directed toward appeals for financial support.

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 which have been allocated based on time and effort.

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 principles generally accepted in the United States of America (“U.S. GAAP”).

Jewish Family Service 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.

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2—Summary of significant accounting policies (continued)

In September 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. In addition, for each category of contributed nonfinancial assets recognized, certain additional disclosures are required. This standard is effective for the year ended June 30, 2022, and had an immaterial effect on the Jewish Family Service’s financial statements upon adoption. Generally, the Jewish Family Service has recognized the contribution of professional services and supplies at market value. Such items have been maintained for use in the Center. There have been no donor restrictions placed on such contributions.

Use of Estimates – The preparation of financial statements in conformity with U.S. 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.

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

Jewish Family Service follows guidance that clarifies the accounting for uncertainty in income taxes recognized in an entity’s financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. Jewish Family Service has no tax penalties or interest reported in the accompanying financial statements. Jewish Family Service had no uncertain tax positions at June 30, 2022 or 2021.

Restricted Endowment Funds – The Uniform Prudent Management Institutional Funds Act (“UPMIFA”) was enacted in Tennessee effective July 1, 2007. FASB Accounting Standards Codification (“ASC”) provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA. The guidance requires that the amount of net assets held in perpetuity cannot be reduced by losses on investments of the funds or by an organization’s expenditures from the fund unless the donor required the gift to be held in specific investments or under special circumstances necessary to comply with donor intentions. It also requires disclosure of a description of the governing board’s interpretation of the law that underlies the organization’s net asset classification of donor-restricted endowment funds, a description of the organization’s policies for the appropriation of endowment assets for expenditures (its endowment spending policies), a description of the organization’s endowment investment policies, and additional disclosures not previously required. These disclosures are provided in Note 8.

Subsequent Events – Jewish Family Service evaluated subsequent events through January 10, 2023, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

Revenue Recognition – Jewish Family Service accounts for revenue in accordance with ASC 606 (“ASC 606”) clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2—Summary of significant accounting policies (continued)

Upcoming Accounting Pronouncement – In February 2016, FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the fiscal year ending June 30, 2023. Jewish Family Service is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Note 3—Revenue and receivable

As described in Note 2, Jewish Family Services accounts for revenue under ASC 606. Revenue is recognized when Jewish Family Services transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

Performance Obligations – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and is recognized as revenue when, or as, each performance obligation is satisfied. Jewish Family Services’ revenue within the scope of ASC 606 consists primarily of revenue from counseling and adoption services. The contract performance obligation for these activities is generally satisfied at the time the services are provided.

Accounts Receivable – Accounts receivable relating to counseling and adoption services totaled \$5,945 and \$4,816 at June 30, 2022 and 2021, respectively.

Note 4—Liquidity and availability of resources

Jewish Family Service 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, Jewish Family Service considers all expenditures related to its ongoing activities of providing senior services, counseling and case management, family and community education, adoption, and financial aid, as well as the conduct of services undertaken to support those activities to be general expenditures. As a part of Jewish Family Service’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become 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, compromise the following at June 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 137,457	\$ 130,196
Grants receivable from Jewish Federation	22,980	14,047
Contributions receivable	33,572	7,172
Accounts and other receivables, less allowances	7,220	5,301
Investments	<u>1,246,395</u>	<u>1,326,744</u>
Total financial assets, at year-end	1,447,624	1,483,460
Less amounts unavailable for general expenditures within one year, due to:		
Contributions restricted for specific programs	(104,700)	(39,943)
Endowment	<u>(41,455)</u>	<u>(34,110)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,301,469</u>	<u>\$ 1,409,407</u>

JEWISH FAMILY SERVICE OF NASHVILLE AND MIDDLE TENNESSEE, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 5—Fair value measurements

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

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

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

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

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

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

Investments in marketable securities with readily determinable fair values are valued at their fair values in the statements of financial position. The realized and unrealized gains or losses on investments are reflected in the statements of activities.

The following is a description of the valuation methodologies used for asset measurement at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Pooled Investment Funds – The pooled investment funds are maintained under an agreement with the Endowment Fund of the Jewish Federation (the "Endowment Fund"). Under the agreement, Jewish Family Service 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 Jewish Family Service includes Jewish Family Service's share of any gains or losses on such pooled funds. Jewish Family Service values these funds as Level 2 because the specific units held do not have quoted prices and are not traded on an active market.

Money Market Funds and Mutual Funds – Valued at the quoted market prices for individual assets of shares held by Jewish Family Service at year-end.

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

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Note 5—Fair value measurements (continued)

Investments are stated at fair value with fair value determined as described above and consist of the following at June 30, 2022:

	<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
Pooled investment funds	-	41,455	-	41,455
Total investments	<u>\$ 1,204,940</u>	<u>\$ 41,455</u>	<u>\$ -</u>	<u>\$ 1,246,395</u>

Investments are stated at fair value with fair value determined as described above and consist of the following at June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Balanced mutual funds	\$ 247,417	\$ -	\$ -	\$ 247,417
Stock mutual funds	611,845	-	-	611,845
Bond mutual funds	390,143	-	-	390,143
Money market funds	44,662	-	-	44,662
Pooled investment funds	-	32,677	-	32,677
Total investments	<u>\$ 1,294,067</u>	<u>\$ 32,677</u>	<u>\$ -</u>	<u>\$ 1,326,744</u>

Note 6—Property and equipment

Property and equipment consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 15,064	\$ 15,064
Furniture, equipment, and software	19,143	19,143
Less accumulated depreciation and amortization	(25,589)	(23,038)
	<u>\$ 8,618</u>	<u>\$ 11,169</u>

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Note 7—Net assets with donor restrictions

Jewish Family Service 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:

	<u>2022</u>	<u>2021</u>
Helping Hands Fund	\$ 20,000	\$ 10,000
Contributions receivable	33,572	8,605
Flexer Greatest Need Fund	25,244	-
Jacobsen Greatest Need Fund	18,888	17,142
Laylani Fund	3,980	2,613
Trachtman Special Program	2,529	2,529
Needy Family Assistance Fund	382	382
Wall of Remembrance Fund	105	105
Earnings on Endowment Fund	2,878	6,677
Endowment Fund	38,577	26,000
	<u>\$ 146,155</u>	<u>\$ 74,053</u>

Note 8—Endowment

Jewish Family Service's endowment was established to further its programs. The endowment includes donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of directors as endowments, are classified and reported based on the existence or absence of donor or board-imposed restrictions and designations, respectively.

Jewish Family Service has interpreted the UPMIFA as requiring that Jewish Family Service classify as net assets held in perpetuity a) the original value of donor-restricted gifts to the permanent endowment, b) the original value of subsequent donor-restricted gifts to the permanent endowment, and c) accumulations (interest, dividends, capital gain/loss) to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are approved for expenditure by Jewish Family Service in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Jewish Family Service considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of Jewish Family Service and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Jewish Family Service
- The investment policies of Jewish Family Service

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Note 8—Endowment (continued)

Endowment net asset composition by type of fund as of June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 41,455	\$ 41,455
Total Funds	<u>\$ -</u>	<u>\$ 41,455</u>	<u>\$ 41,455</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 32,677	\$ 32,677
Contributions to donor restricted endowment	-	12,577	12,577
Investment loss	-	(3,799)	(3,799)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 41,455</u>	<u>\$ 41,455</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 32,677	\$ 32,677
Total Funds	<u>\$ -</u>	<u>\$ 32,677</u>	<u>\$ 32,677</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 26,433	\$ 26,433
Investment income allocated for withdrawal	-	6,244	6,244
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 32,677</u>	<u>\$ 32,677</u>

The endowment funds for Jewish Family Service were transferred to Jewish Federation to establish a separately managed fund known as Jewish Family Service Endowment Fund (the “Fund”) and will be administered by the Jewish Federation for the sole benefit of Jewish Family Service. The Fund and any subsequent additional funds to the Funds will be invested in a manner consistent with Jewish Family Service’s standard investment policy. Annual distributions of income are made in accordance with the spending policy of Jewish Family Service.

Note 9—Donated facilities

Jewish Family Service’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 \$33,660 for each of the years ended June 30, 2022 and 2021.

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Note 10—Pension plan

Jewish Family Service 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. Jewish Family Service has the option of making a matching contribution. During the years ended June 30, 2022 and 2021, Jewish Family Service matched up to 5%, of compensation of employees who participated in the defined contribution plan. For the years ended June 30, 2022 and 2021, Jewish Family Service recognized expense of \$11,668 and \$11,448, respectively, in matching contributions.

Note 11—Concentrations

Jewish Family Service utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

Jewish Family Service 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 Jewish Family Service's programs and activities.