Jewish Community Centers of Chicago

Consolidated Financial Report
June 30, 2021

Contents

RSM US LLP

Independent Auditor's Report

Board of Directors
Jewish Community Centers of Chicago

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Jewish Community Centers of Chicago, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

RSM US LLP

Chicago, Illinois
April 14, 2022

Jewish Community Centers of Chicago

Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	**$ 8,725,030**	$ 1,284,653
Restricted cash	**710,853**	710,410
Accounts receivable, net	**797,687**	518,179
Current portion of pledges receivable, net	**1,384,018**	889,235
Due from affiliated organizations	**470,393**	849,204
Prepaid expenses	**780,720**	565,159
Short-term investments	**1,000**	1,000
Total current assets	**12,869,701**	4,817,840
Noncurrent assets:		
Cash surrender value of life insurance policies	**229,887**	180,149
Pledges receivable, net	**1,717,025**	663,066
Prepaid rent	**1,147,377**	1,239,028
Investments	**6,089,210**	9,120,372
Endowment Foundation investments	**7,072,546**	5,983,617
Property and equipment, net	**10,061,886**	9,361,327
Replacement reserves	**99,759**	93,379
Total noncurrent assets	**26,417,690**	26,640,938
Total assets	**$ 39,287,391**	$ 31,458,778

(Continued)

Jewish Community Centers of Chicago

Consolidated Statements of Financial Position (Continued)
June 30, 2021 and 2020

	2021	2020
Liabilities and Net Assets		
Current liabilities:		
Current portion of bond and notes payable	**$ 267,500**	$ 165,000
Current portion of due to JFMC Facilities Corporation	**213,150**	-
Current portion of other obligations	**24,591**	135,010
Accounts payable	**1,429,307**	6,689,078
Accrued expenses	**1,199,981**	815,593
Deferred revenue	**11,422,168**	3,763,078
Other liabilities	**396,929**	336,223
Total current liabilities	**14,953,626**	11,903,982
Accrued expenses	**127,388**	131,584
Other obligations	**-**	69,018
Paycheck Protection Program loan payable	**2,000,000**	3,259,565
Bond and note payable	**2,357,500**	2,040,000
Due to JFMC Facilities Corporation	**2,063,374**	2,164,927
Total liabilities	**21,501,888**	19,569,076
Net assets:		
Without donor restrictions:		
Accumulated operating deficit	**(3,064,573)**	(7,870,411)
Board-designated for special purposes	**3,625,487**	5,141,787
Board-designated endowment	**29,617**	25,351
Investment in JCC Endowment Foundation	**6,049,980**	4,810,651
Total without donor restrictions	**6,640,511**	2,107,378
With donor restrictions:		
Specific purpose funds	**4,629,792**	3,642,149
Undistributed income of donor-restricted endowment funds	**1,020,920**	589,049
Endowment funds	**4,356,949**	4,341,681
Investment in JCC Endowment Foundation	**1,137,331**	1,209,445
Total with donor restrictions	**11,144,992**	9,782,324
Total net assets	**17,785,503**	11,889,702
Total liabilities and net assets	**$ 39,287,391**	$ 31,458,778

See notes to consolidated financial statements.

Jewish Community Centers of Chicago

Consolidated Statements of Activities
Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and gains:						
Direct public support:						
Contributions	$ 2,971,902	$ 590,868	$ 3,562,770	$ 1,695,347	$ 389,784	$ 2,085,131
Grants from private foundations	1,008,436	1,309,712	2,318,148	928,562	408,596	1,337,158
Special events:						
Gross event revenues	31,673	-	31,673	38,285	-	38,285
Less direct expenses	(948)	-	(948)	(33,738)	-	(33,738)
Net special events	30,725	-	30,725	4,547	-	4,547
Total direct public support	4,011,063	1,900,580	5,911,643	2,628,456	798,380	3,426,836
Indirect public support:						
Support from Jewish Federation of Metropolitan Chicago:						
Allocations	6,606,184	-	6,606,184	6,606,181	-	6,606,181
Other	3,063,661	314,850	3,378,511	1,290,428	598,359	1,888,787
Total indirect public support	9,669,845	314,850	9,984,695	7,896,609	598,359	8,494,968
Program service revenue:						
Fees and grants from government agencies	1,647,427	3,500	1,650,927	41,132	-	41,132
Revenue directly related to program services:						
Program service fees	13,693,257	-	13,693,257	24,790,318	-	24,790,318
Membership dues—individuals	326,113	-	326,113	701,942	-	701,942
Services to other organizations	-	-	-	18,600	-	18,600
Inventory sales	134,687	-	134,687	43,667	-	43,667
Cost of inventory sold	(22,010)	-	(22,010)	(83,569)	-	(83,569)
Total program service revenue	15,779,474	3,500	15,782,974	25,512,090	-	25,512,090
Other revenue:						
Investment (loss) income, net	(12,566)	(10,183)	(22,749)	(4,735)	(2,226)	(6,961)
Net gains on investments	2,468,851	713,187	3,182,038	503,141	168,751	671,892
Gain on forgiveness of Paycheck Protection Program loan	3,259,565	-	3,259,565	-	-	-
Increase in cash surrender value of life insurance policies	-	49,738	49,738	-	12,669	12,669
Revenue from other sources	385,934	-	385,934	626,678	-	626,678
Net assets released from restrictions	1,609,004	(1,609,004)	-	1,305,501	(1,305,501)	-
Total other revenue	7,710,788	(856,262)	6,854,526	2,430,585	(1,126,307)	1,304,278
Total support, revenue and gains	37,171,170	1,362,668	38,533,838	38,467,740	270,432	38,738,172

(Continued)

Jewish Community Centers of Chicago

Consolidated Statements of Activities (Continued)
Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:						
Program services:						
Early childhood services	$ 11,083,173	$ -	$ 11,083,173	$ 9,973,661	$ -	$ 9,973,661
Day camping	4,962,880	-	4,962,880	6,788,098	-	6,788,098
Resident camping	1,953,677	-	1,953,677	4,355,420	-	4,355,420
Teen and family engagement	354,779	-	354,779	744,050	-	744,050
J at School	1,663,515	-	1,663,515	4,210,189	-	4,210,189
Recreation and wellness	1,663,977	-	1,663,977	2,323,181	-	2,323,181
Adult services	578,327	-	578,327	815,871	-	815,871
At risk individuals and families	2,327,304	-	2,327,304	2,044,360	-	2,044,360
Other services	656,763	-	656,763	1,451,794	-	1,451,794
Total program service expenses	25,244,395	-	25,244,395	32,706,624	-	32,706,624
Supporting services:						
Management and general	6,707,261	-	6,707,261	6,918,623	-	6,918,623
Fundraising	686,381	-	686,381	734,444	-	734,444
Total supporting service expenses	7,393,642	-	7,393,642	7,653,067	-	7,653,067
Total expenses	32,638,037	-	32,638,037	40,359,691	-	40,359,691
Change in net assets	4,533,133	1,362,668	5,895,801	(1,891,951)	270,432	(1,621,519)
Net assets, beginning of year	2,107,378	9,782,324	11,889,702	3,999,329	9,511,892	13,511,221
Net assets, end of year	$ 6,640,511	$ 11,144,992	$ 17,785,503	$ 2,107,378	$ 9,782,324	$ 11,889,702

See notes to consolidated financial statements.

Jewish Community Centers of Chicago

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services										Supporting Services		
	Early Childhood Services	Day Camping	Resident Camping	Teen and Family Engagement	J at School	Recreation and Wellness	Adult Services	At Risk Individuals and Families	Other Services	Total	Management and General	Fundraising	Grand Total
Assistance to at risk individuals and families	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 748,125	$ -	$ 748,125	$ -	$ -	$ 748,125
Salaries and wages	4,986,792	1,855,982	678,540	164,244	1,082,668	48,573	221,855	635,385	230,809	9,904,848	3,160,317	223,485	13,288,650
Pension plan expenses	171,446	45,400	44,748	20,866	108,805	-	20,214	29,096	44,748	485,323	188,853	25,186	699,362
Fringe benefits	489,772	94,201	91,770	25,760	(25,677)	-	33,563	99,610	20,900	829,899	557,809	34,348	1,422,056
Payroll taxes	503,742	154,124	59,617	17,249	112,038	5,063	23,729	65,248	24,794	965,604	299,293	22,505	1,287,402
Professional and contract services	461,543	287,883	145,981	11,680	70,534	175,723	15,802	49,106	33,613	1,251,865	488,372	15,418	1,755,655
Marketing	107,956	109,853	95,062	108	4,003	5,296	15,731	6,219	131	344,359	18,009	52,959	415,327
Office expenses	7,437	7,611	4,537	416	872	3,235	599	9,522	375	34,604	114,087	13,056	161,747
Information technology	134,236	19,282	14,780	8,480	63,353	15,422	8,244	103,755	13,026	380,578	623,892	7,974	1,012,444
Occupancy	2,873,476	1,502,044	326,531	65,306	130,613	848,981	65,306	413,556	195,919	6,421,732	457,144	65,306	6,944,182
Staff transportation	1,228	4,134	2,975	5,470	406	525	352	494	45	15,629	3,001	171	18,801
Conferences and meetings	24,412	11,220	5,130	345	2,332	86	68	1,200	125	44,918	6,746	507	52,171
Financing expenses	17,252	9,018	1,960	392	784	8,998	392	-	1,176	39,972	69,892	392	110,256
National association dues	-	-	-	-	-	-	-	-	-	-	1,575	-	1,575
Depreciation and amortization	441,106	220,662	162,674	8,852	25,631	241,298	9,086	2,750	51,781	1,163,840	155,129	9,287	1,328,256
Insurance	125,156	37,481	13,565	4,502	61,794	16,293	9,758	28,411	7,507	304,467	152,451	5,005	461,923
Program food and supplies	554,823	266,169	210,451	17,131	1,048	14,017	115,877	108,115	24,724	1,312,355	(11,323)	284	1,301,316
Contractual labor	6,722	100,402	26,480	1,434	3,324	242,237	20,440	22,831	(1,400)	422,470	448	-	422,918
Trips and outside facility fees	116	15,501	1,916	-	-	-	7,416	-	-	24,949	-	-	24,949
Transportation	-	46,413	20,980	-	-	-	2,468	-	-	69,861	-	-	69,861
Staff expenses	12,126	20,635	1,697	33	235	40	100	3,524	1	38,391	22,226	11,258	71,875
Security	34,219	21,102	8,779	231	4,899	2,051	436	13,336	281	85,334	38,072	69,157	192,563
Employee recruiting	26,540	36,639	7,113	297	7,001	1,151	96	377	631	79,845	19,847	836	100,528
Equipment and vehicles	22,433	37,783	11,508	248	615	5,200	248	515	976	79,526	8,099	248	87,873
Licenses and dues	1,862	12,323	4,983	2	5	5,703	2	275	1,402	26,557	3,886	2	30,445
Banking and merchant services fees	14,779	7,725	1,841	336	672	5,921	5,038	-	1,008	37,320	296,838	2,174	336,332
Bad debt expense	2,327	755	(81)	-	1,667	-	-	-	-	4,668	-	62,010	66,678
Sales taxes	37	-	213	-	-	-	-	-	-	250	817	-	1,067
Life insurance policy premiums	-	-	-	-	-	-	-	-	-	-	2,000	-	2,000
Other operating expenses	61,635	38,538	9,927	1,397	5,893	18,164	1,507	(14,146)	4,191	127,106	29,781	64,813	221,700
	$ 11,083,173	$ 4,962,880	$ 1,953,677	$ 354,779	$ 1,663,515	$ 1,663,977	$ 578,327	$ 2,327,304	$ 656,763	$ 25,244,395	$ 6,707,261	$ 686,381	$ 32,638,037

See notes to consolidated financial statements.

Jewish Community Centers of Chicago

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services										Supporting Services		
	Early Childhood Services	Day Camping	Resident Camping	Teen and Family Engagement	J at School	Recreation and Wellness	Adult Services	At Risk Individuals and Families	Other Services	Total	Management and General	Fundraising	Grand Total
Assistance to at risk individuals and families	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 328,059	$ -	$ 328,059	$ -	$ -	$ 328,059
Salaries and wages	4,620,136	2,108,108	1,128,526	307,654	2,625,498	184,748	204,544	669,499	456,622	12,305,335	3,504,375	268,128	16,077,838
Pension plan expenses	164,777	56,727	91,640	23,988	74,844	10,907	15,998	33,427	66,184	538,492	175,235	15,994	729,721
Fringe benefits	437,475	93,729	80,226	45,861	103,768	(40)	30,152	104,274	38,919	934,364	639,567	48,439	1,622,370
Payroll taxes	481,038	186,338	99,066	32,243	275,880	22,860	22,462	58,155	53,435	1,231,477	329,278	28,103	1,588,858
Professional and contract services	354,226	257,818	337,444	18,354	114,281	187,622	13,490	42,946	89,948	1,416,129	461,931	86,231	1,964,291
Marketing	107,157	185,716	76,202	9,894	24,052	22,892	86,471	12,795	11,710	536,889	1,081	23,769	561,739
Office expenses	6,352	5,906	7,567	1,251	1,976	1,372	2,146	9,061	1,020	36,651	138,268	10,437	185,356
Information technology	66,371	55,680	34,529	6,987	32,759	25,728	4,439	51,837	15,464	293,794	691,580	6,059	991,433
Occupancy	2,519,477	1,410,761	671,490	95,445	105,105	698,128	31,072	408,853	332,969	6,273,300	515,882	46,608	6,835,790
Staff transportation	7,068	3,691	11,069	26,105	7,095	1,308	3,218	1,509	2,848	63,911	22,275	1,696	87,882
Conferences and meetings	36,039	27,636	14,191	395	21,864	1,064	398	2,839	2,606	107,032	61,668	2,580	171,280
Financing expenses	30,312	16,973	8,079	1,148	1,265	17,265	374	-	4,006	79,422	38,736	561	118,719
National association dues	-	-	-	-	-	-	-	-	-	-	66,600	-	66,600
Depreciation and amortization	373,962	201,223	219,624	12,182	23,846	222,322	4,200	2,750	71,664	1,131,773	196,113	7,377	1,335,263
Insurance	72,489	51,362	45,337	6,557	40,079	21,680	10,596	14,218	9,358	271,676	60,898	2,969	335,543
Program food and supplies	408,323	546,426	585,314	112,020	28,976	37,161	144,548	255,738	199,884	2,318,390	(49,280)	31,650	2,300,760
Contractual labor	90,263	561,116	197,000	5,172	545,664	803,190	50,618	21,159	14,003	2,288,185	2,405	2,575	2,293,165
Trips and outside facility fees	2,103	86,093	166,073	4,881	534	101	113,830	-	36,329	409,944	-	-	409,944
Transportation	328	589,463	311,685	27,423	-	-	68,978	300	17,592	1,015,769	81	-	1,015,850
Staff expenses	27,568	35,010	11,616	1,522	17,318	7,004	1,321	745	3,269	105,373	21,758	2,121	129,252
Security	33,824	74,198	63,413	3,177	40,869	4,852	5,927	23,880	7,043	257,183	1,776	28,812	287,771
Employee recruiting	11,323	9,752	12,834	500	27,531	2,069	59	367	3,146	67,581	18,321	556	86,458
Equipment and vehicles	16,979	31,837	43,960	199	219	4,423	65	1,681	1,699	101,062	3,571	97	104,730
Licenses and dues	4,274	2,852	12,358	3	4	8,920	1	-	1,821	30,233	10,730	2	40,965
Banking and merchant services fees	39,007	169,504	115,987	165	17,535	26,821	504	-	1,770	371,293	43,286	6,619	421,198
Bad debt expense	23,973	2,350	(33)	(489)	77,350	68	-	-	-	103,219	1,398	82,308	186,925
Sales taxes	-	-	279	-	-	377	-	-	790	1,446	-	-	1,446
Life insurance policy premiums	-	-	-	-	-	-	-	-	-	-	2,000	-	2,000
Other operating expenses	38,817	17,829	9,944	1,413	1,877	10,339	460	268	7,695	88,642	(40,910)	30,753	78,485
	$ 9,973,661	$ 6,788,098	$ 4,355,420	$ 744,050	$ 4,210,189	$ 2,323,181	$ 815,871	$ 2,044,360	$ 1,451,794	$ 32,706,624	$ 6,918,623	$ 734,444	$ 40,359,691

See notes to consolidated financial statements.

Jewish Community Centers of Chicago

Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

		2021		2020
Cash flows from operating activities:				
Change in net assets	**$**	**5,895,801**	$	(1,621,519)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization		**1,328,256**		1,335,263
Loss on disposal of property and equipment		**35,608**		-
Increase in cash surrender value of life insurance policies		**(49,738)**		(12,669)
Gains on investments		**(1,553,838)**		(405,123)
Gains on Endowment Foundation investments		**(1,402,764)**		(254,328)
Net unrealized (gain) loss on replacement reserve funds (other assets)		**(21,631)**		3,451
Interest restricted for reinvestment		**(443)**		(672)
Contributions intended to be held in perpetuity		**(5,000)**		(20,000)
Forgiveness of Paycheck Protection Program loan		**(3,259,565)**		-
Changes in:				
Accounts receivable		**(279,508)**		(72,066)
Pledges receivable		**(1,548,742)**		(286,762)
Replacement reserves		**15,251**		42,390
Due from affiliated organizations		**378,811**		(261,085)
Prepaid expenses and prepaid rent		**(123,910)**		1,942,111
Accounts payable, accrued expenses and other liabilities		**(4,818,873)**		5,364,379
Deferred revenue		**7,659,090**		(10,616,514)
Due to JFMC Facilities Corporation		**111,597**		-
Net cash provided by (used in) operating activities		**2,360,402**		(4,863,144)
Cash flows from investing activities:				
Purchases of property and equipment		**(2,064,423)**		(1,004,343)
Proceeds from sales of investments		**4,585,000**		529,081
Purchases of Endowment Foundation investments		**(42,028)**		(380,814)
Proceeds from sales of Endowment Foundation investments		**355,863**		389,573
Net cash provided by (used in) investing activities		**2,834,412**		(466,503)
Cash flows from financing activities:				
Contributions intended to be held in perpetuity		**5,000**		20,000
Interest restricted for reinvestment		**443**		672
Proceeds from Paycheck Protection Payable loan		**2,000,000**		3,259,565
Proceeds from note payable		**585,000**		-
Repayment of bond and note payable		**(165,000)**		(165,000)
Repayment of JFMC Facilities Corporation debt		**-**		(204,952)
Repayment of other obligations		**(179,437)**		(141,105)
Net cash provided by financing activities		**2,246,006**		2,769,180
Increase (decrease) in cash, cash equivalents, and restricted cash		**7,440,820**		(2,560,467)
Cash, cash equivalents, and restricted cash:				
Beginning of year		**1,995,063**		4,555,530
End of year	**$**	**9,435,883**	$	1,995,063
Cash, cash equivalents, and restricted cash:				
Cash and cash equivalents		**8,725,030**		1,284,653
Restricted cash		**710,853**		710,410
Total cash, cash equivalents, and restricted cash	**$**	**9,435,883**	$	1,995,063
Supplemental disclosures of cash flows information:				
Cash payments for interest	**$**	**103,760**	$	110,575

See notes to consolidated financial statements.

Note 1. Organization

Jewish Community Centers of Chicago (JCC Chicago) is an Illinois nonprofit corporation dedicated to ensuring a vibrant and thriving Chicago community through meaningful and impactful programs inspired by Jewish and human values. In 1903, JCC Chicago was founded to serve the needs of Chicago's burgeoning Jewish immigrant population. Over a century later, JCC Chicago continues to make an impact through programs and services provided throughout the Chicago metropolitan area. JCC Chicago is proud to welcome people of all ages, faiths, backgrounds and abilities, providing educational, recreational and cultural programming and activities designed to strengthen communities, meet the needs of everyone from infants to seniors and enrich the lives of all. The primary sources of revenue are program service fees, grants and contributions and an annual allocation from the Jewish Federation of Metropolitan Chicago (Jewish Federation).

JCC provides essential programs and services, including:

Early Childhood Education: JCC Chicago operates seven early childhood centers throughout metropolitan Chicago, providing childcare and an excellent educational foundation for over 650 children ages six weeks to four years. The Early Childhood program is accredited by NAEYC (National Association for the Education of Young Children) and DCFS (Illinois Department of Children and Family Services), ensuring the highest level of quality, accountability and care. JCC Chicago's full-time social services team provides early intervention, referrals and on-site support for child and family, enabling JCC Chicago to best meet the needs of every student and family. Need-based scholarships are available to support families and individuals who would otherwise not be able to afford childcare and preschool programming.

Camp: JCC Chicago operates nine day-camps throughout Chicagoland, serving over 3,000 children from ages 3 through 13 years old. JCC Chicago offers traditional day camp as well as specialty camps for sports, performing arts, STEM and counselor-in-training programs for teens. Camp Chi is JCC Chicago's residential camp and spans over 600 acres on Lake Blass in Lake Delton, Wisconsin. More than 1,500 boys and girls, ages 9 to 16, enjoy up to eight weeks of overnight camp programming each summer (except in summer 2020). Day and overnight camp provide endless opportunities for campers to explore new interests, gain new skills and realize increased confidence and self-esteem. Campers also explore their Jewish heritage through Shabbat celebrations and Israeli education programs. Since 1999, JCC Chicago has partnered with Keshet, a nonprofit organization providing services and programs to children, teens and young adults with varying and multiple developmental disabilities. Children of all ages with special needs attend JCC Chicago camps in a fully integrated program model. JCC Chicago's need-based scholarship initiative is available to all families that qualify.

J at School: JCC Chicago developed and administers J at School, providing high-quality before- and after-school care, recess and lunch supervision and enrichment classes on-site in 22 Chicago Public Schools (CPS). Each year, J at School supports over 12,000 school-age children, filling a significant need for both families and the Chicago Public School system. JCC Chicago is a preferred provider for Chicago Public Schools, supporting other areas of the school system such as providing tutors to address learning loss. JCC Chicago also provides bilingual support for families who qualify for Illinois Action for Children benefits through the Department of Human Services, assisting with application and confirmation of benefits.

Community Engagement: JCC Chicago provides a year-round calendar of programs designed to engage and enrich the community at large. Upwards of 30,000 community members connect and engage through the JCC Chicago Jewish Film Festival, a myriad of online and in-person cultural arts offerings, health and wellness classes and Shabbat and Jewish holiday programming. JCC Chicago also provides a community engagement activity specific to key demographics, including teens, young families and older adults. Volunteer opportunities are also available for individuals looking to make a meaningful impact with their time.

Note 1. Organization (Continued)

At Risk Individuals and Families: Through the Dina and Eli Field EZRA Multi-Service Center (MSC) and JUF Uptown Café, JCC Chicago provides emergency services to homeless and disadvantaged individuals and families. EZRA is funded by the Jewish Federation and is administered by JCC Chicago in Chicago's uptown neighborhood. Services include emergency assistance, food and clothing distribution, eviction prevention, advocacy, job placement, social opportunities and interim housing. The JUF Uptown Café is Chicago's first kosher meal program for the needy. In addition to providing hot meals in a restaurant-style setting, the JUF Uptown Café program brings dignity and hope to people in need. The JUF Uptown Café feeds Jews and non-Jews alike and is open three days a week for dinner and on Sundays for brunch.

Other Services: JCC Chicago offers additional programs and services through the Perlstein Retreat Center. The Perlstein Retreat Center located in Lake Delton, Wisconsin, adjacent to JCC Camp Chi, is JCC Chicago's premier destination for families, groups, businesses and individuals throughout the Midwest, providing programming, accommodations and meaningful events for guests.

Endowment Foundation: The Jewish Community Centers Endowment Foundation (Endowment Foundation) is a nonprofit organization whose purpose is to receive and hold endowment-type contributions for the benefit of JCC Chicago. The financial accounts of the Endowment Foundation are consolidated within the financial statements of JCC Chicago because JCC Chicago has control and economic interest in the entity.

JCC Chicago and the Endowment Foundation are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and applicable state law, except for taxes pertaining to unrelated business income, if any. The Endowment Foundation is classified as a supporting foundation under Section 509(a)(3) of the Code.

JCC and the Endowment Foundation are affiliated with the Jewish Federation.

Note 2. Significant Accounting Policies

Significant accounting policies are as follows:

Basis of accounting: JCC Chicago follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial position, results of activities and cash flows. References to accounting principles generally accepted in the United States of America (U.S. GAAP) are to the FASB Accounting Standards Codification (ASC).

Basis of presentation: The consolidated financial statements are prepared on the accrual basis of accounting in accordance with guidance on financial statements of nonprofit organizations, which establishes standards for general-purpose external financial statements issued by nonprofit organizations. It requires that net assets and related revenue, expenses, gains and losses be classified into two classes of net assets—net assets without donor restrictions and net assets with donor restrictions, based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

***Net assets without donor restrictions*:** Net assets that are not subject to donor-imposed restrictions and are available for support of operations. Included in this category are JCC Chicago's General Operating Fund, as well as several other funds which have been designated by JCC Chicago's Board of Directors for various specified purposes. Contributions received with donor restrictions that are met in the same reporting year are reported as net assets without donor restrictions. Net assets without donor restrictions were previously reported as unrestricted net assets.

Note 2. Significant Accounting Policies (Continued)

Net assets with donor restrictions**:** Net assets subject to restrictions imposed by donors. Some donor restrictions are temporary in nature; these restrictions will be met either by JCC Chicago actions or the passage of time. Such items include pledges restricted by donors for future years and income to be used only for purposes designated by the donor. In a subsequent year when the time or purpose restriction is fulfilled, a transfer is recorded to net assets without donor restrictions, reflected on the consolidated statements of activities as net assets released from restrictions. Some donor restrictions are perpetual in nature, in which the donor has stipulated that the funds be invested in perpetuity.

Consolidation: These financial statements have been prepared on a consolidated basis, whereby the consolidated financial statements include the accounts of JCC Chicago, as well as those of the Endowment Foundation. Intercompany accounts and transactions, such as annual Endowment Foundation distributions received by JCC Chicago, are eliminated in consolidation. JCC Chicago as used herein refers to JCC Chicago individually or collectively with the Endowment Foundation, as the context may require.

Cash and cash equivalents: JCC Chicago consider all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. At June 30, 2021 and 2020, cash equivalents are comprised entirely of money market funds. Cash and cash equivalents at times may exceed federally insured limits; however, JCC Chicago has not experienced any losses in such accounts. JCC believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted cash and cash equivalents: Include amounts contributed to construct and maintain a science park at the Lake County Jewish Community Campus. The donor stipulated that the funds and any interest thereon be segregated from unrestricted JCC Chicago bank accounts.

Accounts receivable: Accounts receivable consists primarily of program service fees, accrued interest and other miscellaneous items and are reported at net realizable value, which is the amount management expects to collect from balances outstanding at year-end. An allowance for uncollectible amounts is estimated from historical experience and projection of trends. Amounts deemed uncollectible are charged to and recorded as bad debt expense on the consolidated statements of functional expenses. Allowances for uncollectible amounts were $106,679 and $101,762 at June 30, 2021 and 2020, respectively.

Pledges receivable: Unconditional promises to give contributions are recorded as revenue when the promises are received. The pledges receivable are discounted to their estimated present value. Pledges receivable are recorded net of an allowance for uncollectible pledges. Management assesses the collectability of pledges on an annual basis.

Investments: JCC Chicago's and the Endowment Foundation's investments are primarily invested in the JFMC Pooled Endowment Portfolio, LLC (PEP), which is maintained by the Jewish Federation. The investment in the PEP is recorded at fair value. Investment transactions are recorded on a trade-date basis. Realized gains and losses on investment transactions, and change in unrealized gain (loss) on investments, are reported on the consolidated statements of activities. Investment fees are netted against investment income.

Deferred revenue and prepaid expenses: Revenue from the advance receipt of fees and prepayment of expenses, primarily supplies relating to summer camps and summer and fall programs at JCC Chicago's community centers and camps, has been deferred as of year-end. Residential camp was cancelled in summer 2020 but returned for summer 2021, resulting in an increase to deferred revenue at June 30, 2021.

Note 2. Significant Accounting Policies (Continued)

Prepaid rent: Amounts paid in advance for rentals, including a portion of proceeds from the sale of Mayer Kaplan JCC used for such purpose, are recorded as prepaid rent and recognized as rental expense over applicable rental periods.

Property and equipment: Property and equipment purchases of $1,500 or more are recorded at cost and depreciated over their estimated useful lives on a straight-line basis, with the exception of leasehold improvements, which are amortized over the terms of the respective leases, which range from 3 to 24 years. Equipment under capital lease obligations is amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. This amortization expense is included in depreciation expense in the accompanying consolidated financial statements.

Major renewals and betterments that extend the useful life of an asset are capitalized, while routine maintenance and repairs are expensed as incurred.

The estimated useful lives for determining depreciation and amortization of the various classes of assets are as follows:

Asset Class	Years
Buildings and building improvements	30
Infrastructure improvements	25
Land improvements	7
Leasehold improvements	Term of lease
Equipment and machinery	3-7
Furniture and fixtures	7
Information technology equipment	3
Software	3-5
Motor vehicles	5

Collections: JCC Chicago's collections are made up of religious art and other objects that are held for display, education and other purposes. These collections, which were acquired through purchases and contributions since JCC Chicago's inception, are not recognized as an asset on the consolidated statements of financial position.

Replacement reserves: Replacement reserves are made up of funds held by JFMC that have been set aside to cover potential costs associated with repairing and/or replacing building components at the Camp Chi and the Florence G. Heller JCC. The value of the Camp Chi replacement reserve was $63,631 and $72,690 at June 30, 2021 and 2020, respectively. The value of the Florence G. Heller JCC replacement reserve was $36,128 and $20,689 at June 30, 2021 and 2020, respectively.

Contributions and grants: Contributions and unconditional promises to pay are recognized when received. Contributions and private grants are considered available for use unless specifically restricted by the donor or bylaws and regulations. The allocation from the Jewish Federation is communicated, received and recognized as public support revenue during and within the same fiscal year.

Note 2. Significant Accounting Policies (Continued)

Government grants, including those passed through from the Jewish Federation, are generally considered to be conditional contributions and recorded as support as qualifying expenses are incurred and other grant requirements are met. JCC Chicago has elected the simultaneous release policy for grants, which allows JCC Chicago to recognize restricted conditional contributions directly in net assets without donor restrictions when the condition is met, which is generally when qualifying expenditures have been incurred.

Gain on forgiveness of the Paycheck Protection Program Loan is recognized at the time forgiveness of the loan is formally granted.

Revenue recognition: JCC Chicago recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing contracts with customers (exchange transactions). Program service fees and membership dues represent revenue from contracts with customers.

Program service fees vary based on the type and length of program and are generally paid by participants in advance of the program start date, at the time of enrollment. Summer camps are a large portion of program service fees. Camp fees may be paid in periodic installments in months prior to the start of the camp session. Membership dues are also generally paid in advance. Amounts received in advance are recorded as deferred revenue.

JCC Chicago recognizes revenue for camps and other programs over time based on the satisfaction of performance obligations which occurs during the period the specific program sessions take place and the participants receive and consume the program benefits. Membership dues are recognized as revenue over the membership period.

Resident camping revenue (as well as expenses) included in the statements of activities relate to camps taking place during summer months. However, some camp sessions span two fiscal years, beginning in June and ending in July or August; revenue is allocated for financial reporting purposes between fiscal years based on number of days. As a result, camp revenue included in financial statements for a particular fiscal year may include amounts from camps for two different summers, at beginning (July and August) and end (June) of that fiscal year. The Covid-19 pandemic impacted camps, as resident camping was cancelled and day camping was delayed until July for summer 2020. Both camps returned to normal start dates in summer 2021.

Program services fees do not include significant financing components as performance obligations are satisfied within a year of receipt of payment. JCC Chicago has elected the practical expedient which permits an entity not to recognize a significant financing component if the time between the transfer of a good or service and payment is one year or less. JCC Chicago does not enter into contracts in which the period between payment by the customer and the transfer of the promised goods or services to the customer is greater than 12 months.

Donated goods, property and equipment and services: Donations of goods, property and equipment or service are reflected as contributions at their estimated fair values at the dates of receipt. There were no significant donated goods in fiscal years 2021 and 2020. A number of unpaid volunteers and members of JCC Chicago's Board of Directors have made significant contributions of their time to JCC Chicago's activities. The value of these services is not reflected in these consolidated financial statements since they do not meet the criteria for recognition under U.S. GAAP.

Note 2. Significant Accounting Policies (Continued)

Functional expenses: Operating expenses directly identified with a functional area are charged to that area. Operating expenses attributable to multiple functional areas are allocated based on a methodology established and consistently applied by management. The expenses that are allocated included certain salaries and wages, payroll taxes, professional and contract services, occupancy, financing expenses, depreciation and amortization, equipment and vehicles, bad debt expense and other operating expenses, which are allocated based on estimates of time and usage. Pension plan and fringe benefit expenses are allocated based on department headcount.

Income taxes: The accounting standard for uncertainty in income taxes addresses the determination of whether tax benefits claimed, or expected to be claimed, on a tax return should be recorded in the consolidated financial statements. Under this guidance, JCC Chicago may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of JCC Chicago and various positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the reporting periods presented in these consolidated financial statements.

JCC Chicago and the Endowment Foundation each file Form 990 annual information returns in the U.S. federal jurisdiction and the State of Illinois.

Use of estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Adopted accounting pronouncements: Effective July 1, 2020, JCC Chicago adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, using the modified retrospective method of transition applied to contracts that were not complete as of July 1, 2020. This ASU replaced existing revenue recognition guidance, including industry-specific guidance, and requires revenue to be recognized in an amount that reflects the consideration the Agency expects to be entitled in an exchange of goods or services. The various provisions of this standard resulted in no significant changes to JCC Chicago's revenue recognition methodology and therefore the implementation of the standard had no impact on beginning net assets and revenue. Revenue disclosures have been enhanced in accordance with the standard.

Recent accounting pronouncements: In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606)* and *Leases (Topic 842): Effective Dates for Certain Entities.* This ASU allows for a one-year effective date deferral of Topic 842. JCC Chicago has elected the one-year effective date deferral of Topic 842.

In 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard will be effective for JCC Chicago's 2023 consolidated financial statements, with early adoption permitted.

Note 2. Significant Accounting Policies (Continued)

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* This ASU requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The ASU also requires additional qualitative disclosures for contributed services. The new standard is effective for JCC Chicago's 2022 consolidated financial statements, with early adoption permitted.

JCC Chicago is currently evaluating the impact of the adoption of the above standards on their consolidated financial statements.

COVID-19: The COVID-19 pandemic caused JCC Chicago to experience disruptions to activities across JCC Chicago, resulting in a decrease in revenue and related labor and program expenses. Programs affected include but are not limited to Early Childhood, J at School, Resident Camping (cancelled for summer 2020 but held in summer 2021) and Day Camping. At June 30, 2020, as a direct result of the pandemic and the cancellation of Resident Camping and other programs, approximately $5,900,000 of refunds payable were included in accounts payable on the consolidated statement of financial position. These refunds were paid in fiscal year 2021.

Subsequent events: Management has evaluated subsequent events through April 14, 2022, the date on which the consolidated financial statements were available to be issued.

Note 3. Liquidity

JCC Chicago regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2021 and 2020, the following financial assets are available to meet annual operating needs during the next 12 months:

	2021	2020
Financial assets available to meet general expenditures over the next 12 months:		
Cash and cash equivalents	$ 8,725,030	$ 1,284,653
Accounts receivable, net	797,687	518,179
Current portion of pledges receivable	1,384,018	889,235
Due from affiliated organizations	470,393	849,204
Expected distribution from the JCC Endowment Foundation	303,943	331,522
Total financial assets available to meet general expenditure obligations over the next 12 months	$ 11,681,071	$ 3,872,793

In order to meet cash flow needs in the upcoming year, JCC Chicago expects to receive an annual allocation of approximately $6,500,000 during fiscal year 2022 from the Jewish Federation for the purposes of operating programs benefiting the community. This amount is not reflected in the financial assets listed above.

In the event that additional liquidity is required to meet short-term demands, JCC has access to a line of credit in the amount of $5,000,000 and the Board of Directors, if the need arose, could liquidate investments to meet operational requirements.

Note 4. Affiliated Agencies

Pursuant to its Principles of Affiliation, Jewish Federation substantially subsidizes the operations of JCC Chicago's General Operating Fund, not including any deficits which might be incurred by Camp Chi, which would be funded from other sources. The subsidy for the years ended June 30, 2021 and 2020, was $6,606,184 and $6,606,181, respectively. The Jewish Federation also provided $3,378,511 and $1,888,787 of other support during the years ended June 30, 2021 and 2020, respectively.

Amounts owed to JCC Chicago from the Jewish Federation, including amounts for the operations of the EZRA Multi-Service Center, as well as the net amount of various other items owed by the Jewish Federation, were $470,393 and $616,496 at June 30, 2021 and 2020, respectively.

Amount owed to JCC Chicago from JFMC Facilities Corporation for expenses related to the ZFA Pavilion project was $115,071 at June 30, 2020.

Amounts owed to JFMC Facilities Corporation include a debt liability recorded at its net present value of $2,276,524 and $2,164,927 at June 30, 2021 and 2020, respectively, in connection with the Bernard Weinger JCC (Note 13).

Amount owed to JCC Chicago by the Jewish United Fund (JUF), a Jewish Federation related entity, for program support was $117,371 at June 30, 2020.

Affiliated agencies provided approximately 26% and 22% of total support, revenue, and gains for fiscal years 2021 and 2020, respectively.

Note 5. Pledges Receivable

Pledges at June 30, 2021 and 2020, are expected to be collected as follows:

	2021	2020
Less than one year	$ 1,434,018	$ 981,543
One to five years	1,424,145	328,549
More than five years	452,590	518,201
	3,310,753	1,828,293
Less discount to net present value	(159,710)	(183,684)
Less allowance for uncollectable pledges	(50,000)	(92,308)
Net pledges receivable	3,101,043	1,552,301
Less current portion	(1,384,018)	(889,235)
Long-term portion	$ 1,717,025	$ 663,066

In the year ended June 30, 2009, the "Z" Frank Apachi Supporting Foundation ("Z"FA Foundation) made a 25-year pledge to JCC Chicago. Annual distributions are calculated at 6% of the market value of its invested assets as of September 30 of each fiscal year. The Board of the "Z"FA Foundation has discretion to revisit the distribution policy annually. Pledges receivables include remaining expected installments totaling approximately $700,000, less a present value discount at a rate of approximately 4%.

Note 6. Investments and Fair Value Measurements

Investments at June 30, 2021 and 2020, are as follows:

	2021	2020
State of Israel—Ministry of Defense—bond	$ 1,000	$ 1,000
JFMC Pooled Endowment Portfolio (PEP):		
Agency investments	6,089,210	9,120,372
Endowment Foundation	7,072,546	5,983,617
	$ 13,162,756	$ 15,104,989

Investments are recorded at fair value. Guidance provided by the FASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. JCC Chicago utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Assets recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset. The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable for the asset and include situations where there is little, if any, market activity for the asset. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. JCC Chicago's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The availability of valuation techniques and observable inputs can vary from instrument to instrument and is affected by a wide variety of factors including, for example, the type of instrument, whether the instrument is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the instrument. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

Investments in the PEP are measured at fair value using the net asset value (NAV) per share practical expedient and have not been categorized in the fair value hierarchy.

Note 6. Investments and Fair Value Measurements (Continued)

The replacement reserve funds are held by the Jewish Federation and commingled in the PEP. As such, JCC Chicago has determined that the fair value of these funds should be measured at NAV.

Fair values of assets measured on a recurring basis at June 30, 2021, are as follows:

	Level 1	Level 2	Level 3	Measured at NAV[(a)]	Total
Description:					
Fixed income	$ -	$ 1,000	$ -	$ -	$ 1,000
Jewish Federation PEP:					
Agency investments	-	-	-	6,089,210	6,089,210
Endowment Foundation	-	-	-	7,072,546	7,072,546
	-	1,000	-	13,161,756	13,162,756
Replacement reserve funds	-	-	-	99,759	99,759
Total assets	$ -	$ 1,000	$ -	$ 13,261,515	$ 13,262,515

Fair values of assets measured on a recurring basis at June 30, 2020, are as follows:

	Level 1	Level 2	Level 3	Measured at NAV[(a)]	Total
Description:					
Fixed income	$ -	$ 1,000	$ -	$ -	$ 1,000
Jewish Federation PEP:					
Agency investments	-	-	-	9,120,372	9,120,372
Endowment Foundation	-	-	-	5,983,617	5,983,617
	-	1,000	-	15,103,989	15,104,989
Replacement reserve funds	-	-	-	93,379	93,379
Total assets	$ -	$ 1,000	$ -	$ 15,197,368	$ 15,198,368

(a) In accordance with Subtopic ASC 820-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risk associated with investing in those instruments.

The Jewish Federation is the manager and administrator of the PEP and is also the majority owner of the PEP. As the manager, the Jewish Federation owned 84.06% of the PEP as of June 30, 2021, and JCC Chicago and the Endowment Foundation, respectively, had 0.55% and 0.64% interest in the Jewish Federation's portion of the PEP for the same reporting period. The Jewish Federation owned 83.82% of the PEP as of June 30, 2020, and JCC Chicago and the Endowment Foundation, respectively, had 1.01% and 0.66% interest in the Jewish Federation's portion of the PEP for the same reporting period.

Note 6. Investments and Fair Value Measurements (Continued)

The PEP invests in various types of investments, including common stock, registered investment companies, and non-registered investment companies. JCC Chicago and the Endowment Foundation do not own or have any interest in the underlying investments held by the PEP. JCC Chicago and the Endowment Foundation have the ability to contribute funds or withdraw funds from their account on the first day of each month. Withdrawal requests are required to be submitted to the PEP in writing at least 15 days prior to the beginning of each month and withdrawals representing more than 80% of an investor's assets are paid within 60 days.

The investment in the non-registered investment company consisting of the PEP is valued at fair value, as determined by JCC Chicago, based on net asset information (practical expedient) provided by the PEP's manager. In determining fair value, JCC Chicago utilizes the valuation reflected on the consolidated financial statements and other financial reports of the PEP. The PEP values securities and other financial instruments at fair value based upon market price, when possible, or at fair value determined by the PEP's manager when no market price is determinable. Although JCC Chicago and the PEP's manager use their best judgment in estimating the fair values, there are inherent limitations in any estimation technique. The estimated fair values of certain investments of the PEP, which may include derivatives, securities and other designated or side-pocketed investments for which prices are not readily available, may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments and differences could be material.

As of June 30, 2021 and 2020, $1,022,566 and $1,209,445 of the net assets related to the Endowment Foundation's investment in the PEP are subject to donor restrictions, respectively.

JCC Chicago and the Endowment Foundation, through their indirect investment in the PEP, enter into transactions with a variety of securities and derivative financial instruments. These derivative financial instruments may have market and/or credit risk in excess of the amounts recorded in the consolidated statements of financial position.

Market risk of investment: Market risk arises primarily from changes in the market value of financial instruments. Exposure to market risk is influenced by a number of factors, including the relationships between financial instruments and the volatility and liquidity in the markets in which the financial instruments are traded. In many cases, the use of financial instruments serves to modify or offset market risk associated with other transactions and, accordingly, serves to decrease the overall exposure to market risk. The Jewish Federation attempts to control the PEP's exposure to market risk through various analytical monitoring techniques.

Credit risk: Credit risk arises primarily from the potential inability of counterparties to perform in accordance with the terms of a contract. Exposure to credit risk associated with counterparty nonperformance is limited to the current cost to replace all contracts in which there is a gain. Exchange-traded financial instruments generally do not give rise to significant counterparty exposure due to the cash settlement procedures for daily market movements and the margin requirements of individual exchanges. The PEP seeks to mitigate its exposure to this credit risk by placing its cash with major institutions.

Concentration of credit risk: JCC Chicago generally invests excess cash assets in the PEP. In the event the PEP does not fulfill its obligations, JCC Chicago may be exposed to risk. This risk of default depends on the creditworthiness of the counterparty to these transactions. The PEP attempts to minimize this credit risk by monitoring the creditworthiness of its counterparties.

Note 6. Investments and Fair Value Measurements (Continued)

Investment in funds: The managers of underlying investment funds in which the PEP invests, may utilize derivative instruments with off-balance-sheet risk. JCC Chicago's exposure of risk is limited to their allocable share of the PEP's investment.

Note 7. Property and Equipment

	2021	2020
Land	$ 517,407	$ 530,977
Buildings and building improvements	11,984,825	10,682,580
Infrastructure improvements	627,284	579,199
Land improvements	601,584	526,642
Leasehold improvements	10,359,160	9,379,963
Equipment and furniture	7,854,817	7,742,143
Vehicles	412,158	412,158
Computer equipment	2,690,544	2,690,544
Program equipment	1,318,639	1,290,939
Equipment under capital leases	821,556	821,556
Software	632,700	632,700
Other	208,736	208,736
Construction in progress	63,372	568,743
	38,092,782	36,066,880
Less accumulated depreciation and amortization	28,030,896	26,705,553
	$ 10,061,886	$ 9,361,327

Land and buildings include various properties owned by JCC Chicago such as Camp Chi (Lake Delton, Wisconsin) and Florence G. Heller JCC (Chicago, Illinois).

Depreciation and amortization expense was $1,328,256 and $1,335,263, for the years ended June 30, 2021 and 2020, respectively.

Note 8. Paycheck Protection Program

On April 28, 2020, JCC Chicago received a loan from the Small Business Administration (SBA) for $3,259,565 under the Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan was intended for payroll, interest and utility expenses incurred during the period following receipt of the proceeds. The covered period for the loan forgiveness was 24 weeks. The loan was eligible for forgiveness if certain employee and compensation levels are maintained. On June 15, 2021, the SBA forgave the loan in full. The loan is considered to be extinguished and has been recognized as a gain on the statements of activities for the year ended June 30, 2021.

On March 30, 2021, JCC Chicago received a second PPP loan from the SBA for $2,000,000. JCC Chicago can use the loan for payroll, interest and utility expenses incurred during the period following receipt of the proceeds. The covered period for the loan forgiveness is 24 weeks. The loan is eligible for forgiveness if certain employee and compensation levels are maintained. The PPP loan is reflected as a liability on the statements of financial position at June 30, 2021. JCC Chicago submitted its application for forgiveness on August 23, 2021.

Note 9. Bond and Note Payable

	2021	2020
Bond payable to Colorado Educational and Cultural Facilities Authority, payable in annual $65,000 installments with interest payable monthly at a variable rate (0.79% at June 30, 2021) through September 1, 2023.	$ 200,000	$ 265,000
Note payable to First Midwest Bank, payable in five equal annual installments of $100,000 plus monthly interest payments at LIBOR plus 125 basis points (1.34% at June 30, 2021) and a balloon payment of $1,540,000 due August 31, 2024. Collateralized by JCC Chicago assets.	1,840,000	1,940,000
Interest-free note payable to Foundation for Jewish Camp, Inc. payable in quarterly installments of $32,500 through January 1, 2026.	585,000	-
	2,625,000	2,205,000
Less current portion	267,500	165,000
Long-term portion	$ 2,357,500	$ 2,040,000

The bond and note payable are guaranteed by the Jewish Federation.

Interest expense on the bond and note payable was $39,210 and $68,871 in fiscal years 2021 and 2020, respectively.

Future maturities of the bond and note payable are as follows:

Years ending June 30:	
2022	$ 300,000
2023	295,000
2024	295,000
2025	1,670,000
2026	65,000
	$ 2,625,000

JCC Chicago has a $5,000,000 line of credit that is scheduled to mature on April 1, 2022, at which date JCC Chicago seeks a renewal. The line bears interest at 30-day LIBOR plus 1.00%. The line is collateralized by JCC Chicago's business assets and guaranteed by JUF. Amounts borrowed against the line were fully repaid by June 30, 2021. Interest expense on the line of credit was $53,431 and $24,492 in fiscal years 2021 and 2020, respectively.

Note 10. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2021 and 2020, are restricted as follows:

	2021	2020
Specific purpose funds:		
"Z" Frank Camp Apachi Supporting Foundation	$ 632,307	$ 785,697
Bachrach Sukkah Garden	16,161	13,834
Capital improvements	-	117,000
Children and Family Services	65,000	210,000
Davis Theater	258,458	221,231
Day Camping	166,490	17,600
Early Childhood Services	650,000	25,000
Project Ezra	252,698	390,307
Garoon Science Park at Elaine Frank Apachi Camp	972,812	936,369
J at School Program	36,000	-
Jewish Film Festival	164,800	187,200
Life insurance policies	175,381	140,911
Mezzuzot Project	-	-
Resident Camping	987,220	597,000
Software systems	152,465	-
Scholarship support other	100,000	-
	4,629,792	3,642,149
Undistributed income of donor-restricted endowment funds:		
Mayer Kaplan Library	28,872	14,055
Scholarship support	991,091	574,319
Senior programming	957	675
	1,020,920	589,049
Donor-restricted endowment funds:		
Bachrach Sukkah Garden	680	680
Jewish education	2,000,000	2,000,000
Life insurance	54,506	39,238
Mayer Kaplan Library	74,000	74,000
Scholarship support	2,226,763	2,226,763
Senior programming	1,000	1,000
	4,356,949	4,341,681
Endowment Foundation:		
City North Kehilla	354,980	500,138
Scholarships	140,688	158,338
Weinger JCC	410,663	425,022
Camp Chi	100,000	-
Time restricted	6,000	5,947
Joanne Pekin Fund	50,000	50,000
Noel and Doris Kaplan Fund	50,000	50,000
Z Frank Apachi Day Camp	20,000	20,000
Penny bank	5,000	-
	1,137,331	1,209,445
	$ 11,144,992	$ 9,782,324

Note 10. Net Assets with Donor Restrictions (Continued)

In September 2020, a donor gave permission to JCC Chicago to borrow from its $2,000,000 donor-restricted endowment fund for Jewish Education with a requirement for JCC Chicago to repay principal over a 10-year period in $200,000 annual installments beginning in fiscal year 2022. As of June 30, 2021, JCC Chicago's General Operating Fund owes $2,000,000 to the Jewish Education donor-restricted endowment fund. Because the non-interest borrowing is between funds, the amount due and related activity do not appear in balances as presented in these financial statements.

Note 11. Endowment Funds

JCC Chicago's endowment consists of 20 individual funds established for a variety of purposes.

The Endowment Foundation was created pursuant to a 1999 agreement between the Jewish Federation and JCC Chicago. In accordance with the original agreements and any subsequent amendments, JCC Chicago has agreed to transfer to its respective Endowment Foundation all endowment gifts, all amounts received from each non-endowment gift, bequest and devise it receives and the Jewish Federation has agreed to transfer to the Endowment Foundation all endowment gifts and all amounts received from each non-endowment gift, bequest and devise it receives that are specified by the donor for the use of JCC Chicago.

The operating expenses of the Endowment Foundation for fiscal year 2021 and 2020 were $44,340 and $58,417, respectively.

JCC Chicago has the right to terminate its obligations and status as a participating agency, as defined. In addition, upon dissolution of the Endowment Foundation (which may only take place upon agreement of both parties) or termination of the respective affiliation agreements between JCC Chicago and the Jewish Federation, the Endowment Foundation's assets will be transferred to the Jewish Federation and used for the purposes for which they were intended.

The endowments of JCC Chicago and the Endowment Foundation include both donor-restricted funds and funds designated by the respective Boards of Directors of JCC Chicago and the Endowment Foundation to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: JCC Chicago follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the State of Illinois. The respective boards of directors for JCC Chicago and the Endowment Foundation have interpreted the Illinois UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, JCC Chicago retains in perpetuity (a) the original value of the initial and subsequent gifts donated to the endowment, and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Endowment Foundation has no other activities beyond receiving and investing contributions on behalf of JCC Chicago and incurs no other expenditures other than those made on behalf of JCC Chicago. Therefore, all investment income is considered appropriated for expenditure and is classified as without donor restrictions—board-designated net assets available for distribution unless explicitly restricted by the donor, in which case it is classified as donor-restricted revenue until such restrictions are met.

Note 11. Endowment Funds (Continued)

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

1. The duration and preservation of the various funds
2. The purpose of the Endowment Foundation and the donor-restricted endowment funds
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of JCC Chicago and the Endowment Foundation
7. The investment policies of JCC Chicago and the Endowment Foundation

Endowment net asset composition by type of fund as of June 30, 2021 and 2020, are as follows:

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 6,079,597	$ -	$ 6,079,597	$ 4,836,002	$ -	$ 4,836,002
Donor-restricted endowment funds	-	6,515,200	6,515,200	-	6,140,175	6,140,175
Total endowment funds	$ 6,079,597	$ 6,515,200	$ 12,594,797	$ 4,836,002	$ 6,140,175	$ 10,976,177

Changes in endowment net assets for the years ended June 30, 2021 and 2020, are as follows:

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 4,836,002	$ 6,140,175	$ 10,976,177	$ 4,481,075	$ 6,256,797	$ 10,737,872
Contributions	7,561	112,753	120,314	280,490	127,355	407,845
Net appreciation (realized and unrealized) on investment	1,402,774	650,165	2,052,939	255,941	153,474	409,415
Change in cash surrender value of life insurance	-	15,268	15,268	-	(736)	(736)
Amounts appropriated for expenditures	(357,248)	(212,653)	(569,901)	(393,809)	(184,410)	(578,219)
Transfer of net assets released from restrictions	190,508	(190,508)	-	212,305	(212,305)	-
Endowment net assets, end of year	$ 6,079,597	$ 6,515,200	$ 12,594,797	$ 4,836,002	$ 6,140,175	$ 10,976,177

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Illinois UPMIFA requires of JCC Chicago to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2021 and 2020.

Donor-restricted endowment funds reflected above include one fund with an amount of $2,000,000 due from JCC Chicago's General Operating Fund at June 30, 2021. This donor-approved interfund borrowing occurred in fiscal year 2021 and is required to be repaid by the General Operating Fund in 10 annual installments of $200,000 beginning in fiscal year 2022 (Note 10).

Note 11. Endowment Funds (Continued)

Return objectives and risk parameters: JCC Chicago has adopted investment and spending policies for endowment assets that attempt to provide a stable stream of funding to programs supported by their endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that JCC Chicago and the Endowment Foundation must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner intended to achieve an annualized long-term average nominal return, which is approximately equal to the long-term average return of the market as a whole but with less volatility than the overall market. Actual returns in any given year may vary significantly from the target amount.

Strategies employed for achieving objectives: To satisfy its long-term rate of return objectives, JCC Chicago relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending policy and how the investment objectives relate to spending policy: JCC Chicago and the Endowment Foundation use the Controlled Growth Distribution Policy (CGDP) to calculate distributions. Under this policy, the distribution rate for annual distributions from the Endowment Foundation is based on the market performance of the PEP, with certain caps and floors to provide stability during volatile market environments. The CGDP also includes a target growth rate of 2.5% per year over prior year distribution. During fiscal year 2020, the Endowment Foundation's Board elected to adopt the 4/4 (4% of four-year average market value of fund) distribution policy which will be phased in over a five-year period, beginning in fiscal year 2021.

Note 12. Retirement Plan

JCC Chicago is an employer participant in two employee retirement plans: Federation Employees Retirement Income Plan of the Jewish Federation of Metropolitan Chicago and Participating Employers (FERIP) and Federation Employees' Retirement Savings Trust Plan of the Jewish Federation of Metropolitan Chicago and Participating Employers (FERST).

FERIP is a self-administered, noncontributory defined benefit trusteed plan, the funding of which is provided on the basis of normal cost as actuarially determined. FERST is a defined contribution trusteed plan, and employer contributions are computed on the basis of a percentage of salaries. These plans cover substantially all of JCC Chicago's full-time employees.

Annual contributions by JCC Chicago are determined as a percentage of payrolls and are made at the direction of the Jewish Federation's Board of Directors based on recommendations from its Administration Committee. JCC Chicago's contributions for FERST were $97,745 and $134,065 for fiscal years 2021 and 2020, respectively.

JCC Chicago also offers voluntary 403(b) defined contribution plans to all employees. The plans are comprised solely of employee contributions with no matching contributions by JCC Chicago.

Note 12. Retirement Plan (Continued)

Multiemployer pension plans: The risks of participating in multiemployer plans are different from single-employer plans as assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers and if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. In addition, if JCC Chicago chooses to stop participating in some of its multiemployer plans, it may be required to pay those plans a withdrawal liability based on the underfunded status of the plan.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending Implemented	Contributions by the Agency		Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
		2021	2020		2021	2020		
FERIP	36-2167034	N/A*	N/A*	N/A	$601,617	$595,660	-	N/A

*Plan information for FERIP is not publicly available. FERIP provides fixed, monthly retirement payments on the basis of the credits earned by the participating employees. To the extent that the plan is underfunded, the future contributions to the plan may increase and may be used to fund retirement benefits for employees related to other employers who have ceased operations. JCC Chicago could be assessed a withdrawal liability in the event that it decides to cease participating in the plan. The plan's actuarial valuation indicates that the plan was 64% and 55% funded as of June 30, 2021 and 2020, respectively.

Effective July 1, 2021, the FERIP plan was closed to new participants. New employees hired on or after July 1, 2021, are no longer eligible to participate in the plan and instead qualify for a new matching 401(k) plan. Anyone hired on or before June 30, 2021, still qualifies for the plan with no changes.

Note 13. Commitments and Contingencies

JCC Elaine Frank Apachi Day Camp: The JCC Elaine Frank Apachi Day Camp operates as a day camp and an early childhood services facility, since 2008. The property is leased from JFMC Facilities Corporation. The base rent includes the principal, interest and expenses of the landlord related to a borrowing of $20,970,000 for the acquisition of land and construction of facilities on this site. The lease provides for minimum annual rental payments which include the lessor's debt service and operating costs as base rent through 2038. JCC Chicago receives distributions from both a Jewish Federation project endowment fund relative to this property and the "Z"FA Foundation to offset the rent expense.

Operating leases and related debt: JCC Chicago leases from JFMC Facilities Corporation office space and program facilities for which it pays basic rentals plus certain other occupancy costs. The leases for the Bernard Weinger JCC and Bernard Horwich JCC provide for minimum annual rental payments, which include the lessor's debt service and operating costs as base rent through 2038. The annual rental payments for fiscal years 2021 and 2020 included $3,298,405 and $3,028,372 of operating costs, respectively. Rental charges based on the lessor's operating costs for the respective centers are expected to be similar for subsequent years and have been reflected in the future minimum annual rents at this estimated amount.

Note 13. Commitments and Contingencies (Continued)

Future minimum rental payments for premises occupied under these leases are as follows:

Years ending June 30:	
2022	$ 5,531,814
2023	5,075,075
2024	5,202,184
2025	5,263,058
2026	5,303,660
Thereafter	24,421,568
	$ 50,797,359

Total rentals for premises amounted to $5,415,933 and $5,489,644 in fiscal years 2021 and 2020, respectively. Rentals related to leases with JFMC Facilities Corporation were $5,114,877 and $4,980,738 in fiscal years 2021 and 2020, respectively. Additionally, JCC Chicago rents vehicles for camp transportation. In fiscal years 2021 and 2020, these rentals totaled $64,781 and $56,446, respectively, and are included in equipment and vehicles expense on the consolidated statements of functional expenses. Rental charges based on the lessor's operating costs for the Community Centers are expected to be similar for subsequent years and have been reflected in the future minimum annual rents at this estimated amount.

During 2019, after repaying certain debt it held on the Bernard Weinger JCC property, JFMC Facilities Corporation reduced the debt service portion of the annual rent JCC Chicago pays by approximately $315,000 but charged JCC Chicago with a $3,411,240 debt obligation separate from the related lease arrangement. The debt is interest-free and is payable to Facilities Corporation in annual installments. JCC Chicago paid the first installment of $214,000 in fiscal year 2019. The remaining 15 annual installments of $213,150 are payable through fiscal year 2034.

The debt owed to Facilities Corporation is reflected as a liability on JCC Chicago's consolidated statement of financial position, discounted to present value using a 4% discount rate. Facilities Corporation deferred the annual installment originally due for the year ended June 30, 2021 until 2035.

Future minimum payments for the debt due to JFMC Facilities Corporation are as follows:

Years ending June 30:	
2022	$ 238,150
2023	213,150
2024	213,150
2025	213,150
2026	213,150
Thereafter	1,918,340
	3,009,090
Discount to present value	(732,566)
	$ 2,276,524

Expense sharing arrangements: JCC Chicago participates with the Jewish Federation and its affiliated agencies in various expense sharing arrangements for such items as computer services, natural gas, fringe benefits, insurance and building services.

Note 13. Commitments and Contingencies (Continued)

Litigation: JCC Chicago is a defendant in certain lawsuits arising in the normal course of its activities. Management is of the opinion that any possible adverse results from these matters, in excess of insurance coverage, would be immaterial to JCC Chicago's consolidated financial statements.

Other commitments: JCC Chicago has a liability with respect to former General Directors for retiree health insurance through their dates of death. The balance of this liability was $127,388 and $131,584 as of June 30, 2021 and 2020, respectively, and is included in accrued expenses on the consolidated statements of financial position.

Note 14. Related Party Transactions

Board members of JCC Chicago provided $375,853 and $387,309 of contributions in fiscal years 2021 and 2020, respectively.