Jewish Community Centers of Chicago

Consolidated Financial Report
June 30, 2019

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Contents

RSM US LLP

Independent Auditor's Report

Board of Directors
Jewish Community Centers of Chicago

Report on the 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, 2019 and 2018, 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 reasonable 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
Jewish Community Centers of Chicago adopted Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended June 30, 2019. The adoption of the standard resulted in additional footnote disclosures and changes to classification of net assets and disclosures related to net assets. Our opinion is not modified with respect to this matter.

RSM US LLP

Chicago, Illinois
June 26, 2020

Jewish Community Centers of Chicago

Consolidated Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	**$ 3,845,792**	$ 1,755,957
Restricted cash and cash equivalents	**709,738**	720,217
Accounts receivable, net of allowances of $15,000 and $30,000, respectively	**446,113**	518,908
Current portion of pledges receivable	**531,284**	810,321
Due from affiliated organizations	**588,119**	303,302
Prepaid expenses	**2,416,298**	2,348,254
Short-term investments	**8,280**	1,000
Total current assets	**8,545,624**	6,457,959
Noncurrent assets:		
Cash surrender value of life insurance policies	**167,480**	166,546
Pledges receivable, net	**734,255**	794,987
Prepaid rent	**1,330,000**	395,000
Investments	**9,237,050**	9,425,540
Endowment Foundation investments	**5,738,048**	5,801,409
Property and equipment, net	**9,692,247**	11,669,962
Replacement reserves	**139,220**	372,984
Total noncurrent assets	**27,038,300**	28,626,428
Total assets	**$ 35,583,924**	$ 35,084,387

(Continued)

Jewish Community Centers of Chicago

Consolidated Statements of Financial Position (Continued)
June 30, 2019 and 2018

	2019	2018
Liabilities and Net Assets		
Current liabilities:		
Current portion of bond and note payable	**$ 165,000**	$ 165,000
Current portion of capital lease obligation	**141,394**	163,742
Current portion of due to JFMC Facilities Corporation	**213,150**	-
Accounts payable	**1,698,015**	1,053,416
Accrued expenses	**734,125**	967,801
Deferred revenue	**14,379,592**	14,078,864
Other liabilities	**48,311**	211,207
Total current liabilities	**17,379,587**	16,640,030
Bond and note payable	**2,205,000**	2,370,000
Due to JFMC Facilities Corporation	**2,156,729**	-
Capital lease obligations	**203,739**	345,138
Accrued expenses	**127,648**	138,876
Total liabilities	**22,072,703**	19,494,044
Net assets:		
Without donor restrictions:		
Accumulated operating deficit	**(5,661,607)**	(4,120,183)
Board-designated for special purposes	**5,179,861**	5,324,750
Board-designated endowment	**26,885**	29,016
Investment in JCC Endowment Foundation	**4,454,190**	4,430,587
Total without donor restrictions	**3,999,329**	5,664,170
With donor restrictions:		
Undistributed income of donor restricted endowment funds	**623,773**	705,925
Specific purpose funds	**3,255,095**	3,487,668
Endowment	**4,339,718**	4,338,742
Investment in JCC Endowment Foundation	**1,293,306**	1,393,838
Total with donor restrictions	**9,511,892**	9,926,173
Total net assets	**13,511,221**	15,590,343
Total liabilities and net assets	**$ 35,583,924**	$ 35,084,387

See notes to consolidated financial statements.

Jewish Community Centers of Chicago

Consolidated Statements of Activities
Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and gains:						
Direct public support:						
Contributions	$ 844,717	$ 205,161	$ 1,049,878	$ 749,586	$ 478,506	$ 1,228,092
Grants from private foundations	918,436	741,256	1,659,692	1,055,638	222,772	1,278,410
Special events:						
Gross event revenues	76,989	-	76,989	110,978	-	110,978
Less: direct expenses	(45,391)	-	(45,391)	(42,670)	-	(42,670)
Net special events	31,598	-	31,598	68,308	-	68,308
Total direct public support	1,794,751	946,417	2,741,168	1,873,532	701,278	2,574,810
Indirect public support:						
Support from Jewish Federation of Metropolitan Chicago:						
Allocations	6,566,179	-	6,566,179	6,494,467	-	6,494,467
Other	1,255,664	24,592	1,280,256	1,669,906	202,479	1,872,385
Grant from JFMC Facilities Corporation	-	-	-	431,924	-	431,924
Total indirect public support	7,821,843	24,592	7,846,435	8,596,297	202,479	8,798,776
Program service revenue:						
Fees and grants from government agencies	18,456	-	18,456	32,832	-	32,832
Revenue directly related to program services:						
Program service fees	27,901,759	-	27,901,759	27,908,247	-	27,908,247
Membership dues - individuals	904,870	-	904,870	814,002	-	814,002
Services to other organizations	-	-	-	130,038	-	130,038
Inventory sales	167,891	-	167,891	142,304	-	142,304
Cost of inventory sold	(95,697)	-	(95,697)	(75,937)	-	(75,937)
Total program service revenue	28,897,279	-	28,897,279	28,951,486	-	28,951,486
Other revenue:						
Investment income	5,433	3,233	8,666	179	738	917
Net gains on investments	403,824	90,098	493,922	877,290	240,921	1,118,211
Net unrealized gains (losses) on other assets	10,732	-	10,732	(8,206)	-	(8,206)
Increase in cash surrender value of life insurance policies	-	934	934	-	10,104	10,104
Gain on sale of Mayer Kaplan JCC	949,117	-	949,117	-	-	-
Revenue from other sources	835,180	-	835,180	375,272	-	375,272
Net assets released from restrictions	1,479,555	(1,479,555)	-	1,034,764	(1,034,764)	-
Total other revenue	3,683,841	(1,385,290)	2,298,551	2,279,299	(783,001)	1,496,298
Total support, revenue and gains	42,197,714	(414,281)	41,783,433	41,700,614	120,756	41,821,370

(Continued)

Jewish Community Centers of Chicago

Consolidated Statements of Activities (Continued)
Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:						
Program services:						
Early childhood services	$ 9,959,037	$ -	$ 9,959,037	$ 10,533,234	$ -	$10,533,234
Day camping	6,526,181	-	6,526,181	7,073,794	-	7,073,794
Resident camping	4,171,545	-	4,171,545	4,237,187	-	4,237,187
Teen and family engagement	550,305	-	550,305	546,379	-	546,379
J at School	3,587,974	-	3,587,974	3,792,728	-	3,792,728
Recreation and wellness	3,792,375	-	3,792,375	4,185,300	-	4,185,300
Adult services	1,085,861	-	1,085,861	1,158,861	-	1,158,861
At risk individuals and families	1,776,340	-	1,776,340	1,672,308	-	1,672,308
Other services	1,323,106	-	1,323,106	1,361,281	-	1,361,281
Total program service expenses	32,772,724	-	32,772,724	34,561,072	-	34,561,072
Supporting services:						
Management and general	7,853,138	-	7,853,138	7,986,322	-	7,986,322
Fundraising	652,814	-	652,814	794,125	-	794,125
Total supporting service expenses	8,505,952	-	8,505,952	8,780,447	-	8,780,447
Total expenses	41,278,676	-	41,278,676	43,341,519	-	43,341,519
Change in net assets before other changes	919,038	(414,281)	504,757	(1,640,905)	120,756	(1,520,149)
Other changes in net assets:						
Debt charged by JFMC Facilities Corporation	(2,583,879)	-	(2,583,879)	-	-	-
Change in net assets	(1,664,841)	(414,281)	(2,079,122)	(1,640,905)	120,756	(1,520,149)
Net assets, beginning of year	5,664,170	9,926,173	15,590,343	7,305,075	9,805,417	17,110,492
Net assets, end of year	$ 3,999,329	$ 9,511,892	$13,511,221	$ 5,664,170	$ 9,926,173	$15,590,343

See notes to consolidated financial statements.

Jewish Community Centers of Chicago

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019

	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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 213,596	$ -	$ 213,596	$ -	$ -	$ 213,596
Salaries and wages	4,678,610	2,224,510	1,059,396	259,468	2,183,774	459,644	198,430	643,277	292,078	11,999,187	3,364,628	217,560	15,581,375
Pension plan expenses	180,455	86,007	49,147	19,629	68,188	23,227	19,629	51,398	12,286	509,966	217,121	25,773	752,860
Fringe benefits	456,978	76,278	86,736	39,338	97,005	20,025	23,567	96,845	30,507	927,279	638,391	32,276	1,597,946
Payroll taxes	447,909	223,516	116,607	25,057	208,944	49,281	19,565	58,424	34,163	1,183,466	316,074	24,000	1,523,540
Professional and contract services	413,408	208,363	295,342	10,772	20,899	360,430	543	30,826	116,848	1,457,431	1,076,337	205,395	2,739,163
Marketing	36,808	127,924	32,428	3,322	365	63,582	78,434	-	12,278	355,141	116,471	4,026	475,638
Office expenses	4,630	6,823	18,382	1,087	1,290	1,064	1,567	10,206	1,025	46,074	146,040	11,961	204,075
Information technology	9,188	69,837	54,726	1,085	36,527	16,348	2,585	50,442	1,177	241,915	583,950	7,566	833,431
Occupancy	2,437,184	1,381,209	723,035	102,772	113,173	1,165,257	33,457	399,812	358,529	6,714,428	306,883	50,186	7,071,497
Staff transportation	5,514	2,647	16,211	7,678	10,211	58,152	3,450	1,661	4,455	109,979	13,269	1,347	124,595
Conferences and meetings	39,166	13,192	20,522	529	32,804	1,909	1,837	6,277	1,465	117,701	84,488	4,235	206,424
Financing expenses	33,268	18,854	9,870	1,403	1,545	29,667	457	-	4,894	99,958	74,934	685	175,577
National association dues	-	-	-	-	-	-	-	-	-	-	88,800	-	88,800
Depreciation and amortization	385,250	210,577	229,059	14,027	23,772	295,586	5,298	2,750	75,905	1,242,224	308,626	8,278	1,559,128
Insurance	53,994	36,888	42,132	2,892	25,152	26,414	7,188	14,304	7,128	216,092	64,406	5,981	286,479
Program food and supplies	541,394	539,040	598,658	33,211	41,937	130,639	182,859	148,962	255,206	2,471,906	4,178	8,220	2,484,304
Contractual labor	81,547	409,966	227,412	9,146	616,761	1,012,255	114,639	19,545	25,590	2,516,861	60	-	2,516,921
Trips and outside facility fees	1,912	97,678	122,437	3,089	1,621	2,336	321,099	-	40,023	590,195	769	1,000	591,964
Transportation	535	551,009	228,286	12,968	-	-	67,630	-	14,926	875,354	1,776	-	877,130
Staff expenses	2,824	13,747	8	6	13,579	1,750	1,456	386	144	33,900	24,903	998	59,801
Security	-	-	-	-	-	-	-	15,017	-	15,017	280,286	-	295,303
Employee recruiting	24,521	10,599	8,765	1,076	11,508	3,742	126	2,099	2,419	64,855	75,635	2,722	143,212
Equipment and vehicles	22,839	19,904	73,580	822	827	15,726	183	3,349	4,306	141,536	8,183	274	149,993
Licenses and dues	5,285	2,234	7,903	-	218	3,921	-	700	1,650	21,911	6,470	-	28,381
Banking and merchant services fees	67,225	171,699	132,645	354	30,951	40,997	892	-	5,378	450,141	44,237	9,236	503,614
Bad debt expense	14,967	6,510	3,123	(45)	11,054	4,323	121	-	1,300	41,353	(28,088)	182	13,447
Sales taxes	-	-	7,818	-	-	185	-	-	17,359	25,362	1,165	-	26,527
Life insurance policy premiums	-	-	-	-	-	-	-	-	-	-	2,000	-	2,000
Other operating expenses	13,626	17,170	7,317	619	35,869	5,915	849	6,464	2,067	89,896	31,146	30,913	151,955
	$ 9,959,037	$ 6,526,181	$ 4,171,545	$ 550,305	$ 3,587,974	$ 3,792,375	$ 1,085,861	$ 1,776,340	$ 1,323,106	$ 32,772,724	$ 7,853,138	$ 652,814	$ 41,278,676

See notes to consolidated financial statements.

Jewish Community Centers of Chicago

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2018

	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
Awards/grants	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,000	$ -	$ 3,000	$ -	$ -	$ 3,000
Assistance to at risk individuals and families	-	-	-	-	-	-	-	203,719	-	203,719	-	-	203,719
Salaries and wages	4,737,752	2,293,350	971,637	214,174	2,250,208	703,946	178,644	601,125	306,217	12,257,053	4,580,077	382,464	17,219,594
Pension plan expenses	229,932	59,440	40,842	14,410	62,900	38,555	14,734	33,466	9,305	503,584	166,152	13,046	682,782
Fringe benefits	547,511	87,234	57,391	29,048	158,498	44,804	16,669	90,214	25,071	1,056,440	632,007	63,374	1,751,821
Payroll taxes	456,201	230,665	116,657	19,856	206,796	72,851	17,288	57,073	38,488	1,215,875	388,141	38,255	1,642,271
Professional and contract services	382,849	414,290	364,120	30,696	30,413	343,154	18,303	32,121	87,403	1,703,349	590,617	83,470	2,377,436
Marketing	45,142	94,507	3,546	9,548	6,990	86,154	65,102	-	12,505	323,494	162,758	-	486,252
Office expenses	41,964	33,784	45,154	907	24,482	5,338	5,689	8,401	3,281	169,000	10,366	17,886	197,252
Information technology	122,449	152,026	96,331	4,962	45,562	47,443	11,858	51,336	9,627	541,594	162,558	27,912	732,064
Occupancy	2,622,975	1,486,500	778,153	110,606	121,800	1,254,086	38,447	393,449	383,421	7,189,437	567,727	54,011	7,811,175
Staff transportation	11,065	5,944	15,024	12,874	14,192	39,392	3,221	1,621	4,369	107,702	7,643	1,929	117,274
Conferences and meetings	42,838	27,707	16,735	2,033	13,173	7,986	903	5,840	2,517	119,732	34,648	6,158	160,538
Financing expenses	80,352	83,813	36,030	5,920	11,103	56,393	2,360	-	10,560	286,531	12,492	1,201	300,224
National association dues	23,967	26,292	16,581	112	12,832	3,631	2,520	-	2,869	88,804	-	325	89,129
Depreciation and amortization	387,114	360,645	250,961	27,370	47,842	297,453	13,107	1,375	58,795	1,444,662	210,970	15,724	1,671,356
Insurance	49,912	48,755	19,672	2,933	24,581	24,953	8,799	11,268	4,839	195,712	59,230	5,816	260,758
Program food and supplies	581,892	469,044	631,144	42,466	64,354	202,967	193,916	149,020	269,783	2,604,586	294	22,574	2,627,454
Contractual labor	23,840	320,937	205,957	12,849	584,957	841,240	59,124	23,943	33,291	2,106,138	-	-	2,106,138
Trips and outside facility fees	3,373	103,025	116,621	1,879	30,505	39,239	441,620	-	31,759	768,021	21	-	768,042
Transportation	151	581,039	262,872	-	7,785	-	62,939	261	37,013	952,060	-	-	952,060
Staff expenses	4,397	17,435	1,595	51	14,968	3,801	842	194	317	43,600	3,399	878	47,877
Security	-	-	-	-	-	-	-	-	-	-	319,354	-	319,354
Employee recruiting	16,279	28,546	19,543	2,445	7,980	8,944	1,187	954	2,452	88,330	1,387	43,348	133,065
Equipment and vehicles	20,120	24,505	57,398	704	276	10,666	73	2,924	3,091	119,757	1,175	47	120,979
Licenses and dues	7,121	3,747	8,247	6	796	1,022	142	734	2,603	24,418	3	-	24,421
Banking and merchant services fees	68,682	114,191	89,891	451	46,170	47,524	1,715	260	6,166	375,050	(384)	7,499	382,165
Bad debt expense	27,614	7,434	4,342	-	4,606	2,806	5	-	6	46,813	-	(5,000)	41,813
Sales taxes	-	-	7,214	-	-	-	-	-	15,742	22,956	(200)	-	22,756
Life insurance policy premiums	-	-	-	-	-	-	-	-	-	-	2,000	-	2,000
Other operating expenses	(2,258)	(1,061)	3,529	79	(1,041)	952	(346)	10	(209)	(345)	73,887	13,208	86,750
	$ 10,533,234	$ 7,073,794	$ 4,237,187	$ 546,379	$ 3,792,728	$ 4,185,300	$ 1,158,861	$ 1,672,308	$ 1,361,281	$ 34,561,072	$ 7,986,322	$ 794,125	$ 43,341,519

See notes to consolidated financial statements.

Jewish Community Centers of Chicago

Consolidated Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	**$ (2,079,122)**	$ (1,520,149)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**1,559,128**	1,671,356
Gain on sale of Mayer Kaplan JCC	**(949,117)**	-
Debt charged by JFMC Facilities Corporation	**2,583,879**	-
Increase in cash surrender value of life insurance policies	**(934)**	(10,104)
Gains on investments	**(328,167)**	(697,883)
Gains on Endowment Foundation investments	**(194,745)**	(421,940)
Net unrealized loss on replacement reserve funds (other assets)	**(10,732)**	8,206
Changes in:		
Accounts receivable	**72,795**	(83,621)
Pledges receivable	**339,769**	50,572
Replacement reserves	**244,496**	14,191
Due from affiliated organizations	**(284,817)**	1,194,234
Prepaid expenses and prepaid rent	**(1,003,044)**	(303,323)
Accounts payable, accrued expenses and other liabilities	**236,799**	(158,389)
Deferred revenue	**300,728**	547,950
Net cash provided by operating activities	**486,916**	291,100
Cash flows from investing activities:		
Increase in restricted cash and cash equivalents	**10,479**	(6,350)
Purchases of property and equipment	**(882,296)**	(760,483)
Proceeds from sale of Mayer Kaplan JCC	**2,250,000**	-
Proceeds from sales of investments	**516,657**	741,784
Purchase of investments	**(7,280)**	-
Purchases of Endowment Foundation investments	**(127,737)**	(1,159,730)
Proceeds from sales of Endowment Foundation investments	**385,843**	365,278
Net cash provided by (used in) investing activities	**2,145,666**	(819,501)
Cash flows from financing activities:		
Repayment of bond and note payable	**(165,000)**	(165,000)
Repayment of JFMC Facilities Corporation debt	**(214,000)**	-
Repayment of capital lease obligations	**(163,747)**	(176,531)
Net cash used in financing activities	**(542,747)**	(341,531)
Increase (decrease) in cash and cash equivalents	**2,089,835**	(869,932)
Cash and cash equivalents:		
Beginning of year	**1,755,957**	2,625,889
End of year	**$ 3,845,792**	$ 1,755,957
Supplemental disclosures of cash flows information:		
Cash payments for interest	**$ 162,704**	$ 282,318
Donations of stock	**$ 25,000**	$ -

See notes to consolidated financial statements.

Note 1. Organization

Jewish Community Centers of Chicago (JCC) is an Illinois nonprofit corporation dedicated to ensuring a vibrant and thriving Chicago community through meaningful and impactful programs inspired by Jewish values. In 1903, JCC was founded to serve the needs of Chicago's burgeoning Jewish immigrant population. Over a century later, JCC continues to make an impact through its programs and services throughout the Chicago metropolitan area, from Lake Zurich on the north to Hyde Park and Flossmoor on the south. JCC is proud to welcome people of all ages, faiths, and backgrounds 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 those connected to JCC. The primary sources of revenue are program service fees, grants, contributions and an allocation and support from the Jewish Federation of Metropolitan Chicago (the Jewish Federation).

JCC provides a wide spectrum of life-enriching programs and services, including:

Early Childhood Services – JCC founded and operates the JCC Early Childhood program in six sites throughout metropolitan Chicago providing 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. The Early Childhood program offers full-day infant/toddler programming, half-day and full-day preschool, junior kindergarten, extended day care, enrichment classes, adult/child classes, and parenting and family events. A structured social services team is incorporated into the program providing early intervention and enabling JCC to best meet the needs of every student and family. JCC offers need-based scholarships to support families and individuals who would otherwise not be able to participate in Early Childhood programming.

Day Camping – JCC Day Camp programming is offered at nine locations throughout Chicagoland, serving over 3,000 children from ages three through thirteen years old. JCC offers traditional day camp, as well as specialty camps for sports and performing arts, adventure camp, and counselor-in-training programs for teens. Day Camp provides an opportunity for children to be in a safe environment, to build friendships, and to discover and expand their interests through activities such as art, sports, swimming, drama, and more. Since 1999, JCC 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 summer camps in a fully integrated program, sharing meals and participating in activities with their typically-developing peers. JCC offers need-based scholarships to support families and individuals who would otherwise not be able to participate in Day Camp programming.

Resident Camping – JCC's Residential Camp, Camp Chi, spans over 600 acres on Lake Blass in Lake Delton, Wisconsin, and provides a complete overnight camping experience for 1,500 boys and girls, ages nine to sixteen. Camp Chi offers endless opportunities to campers to explore new interests and build upon individual skills through activities such as sports, arts and crafts, theatre, horseback riding, music, woodworking and more. Campers also explore their Jewish heritage through Shabbat celebrations and Israel education programs. Camp Chi is also an inclusive camp with teens and adults with special needs attending and working at camp.

Note 1. Organization (Continued)

A second resident camp, Chavayah Orthodox Camp for Girls, is offered for traditional Orthodox Jewish girls during the summer months. Chavayah offers a traditional resident camp experience with activities such as swimming, sports, arts, theatre and more, along with leadership development and Jewish learning.

JCC offers need-based scholarships to support families and individuals who would otherwise not be able to participate in Residential Camp programming.

Teen and Family Engagement – JCC engages the teen community and families through year-round programs and activities with the goal of building a vibrant and thriving community. Over the course of the year, 3,500 families and individuals participated in ongoing initiatives such as weekly Shabbat and family holiday programming, classes and playgroups for parents with children ages 0-2 years, and ongoing community events. Jewish Student Connection hosts Jewish clubs in public schools around the Chicago area engaging 900 teens each year; JCC also hosts a year-round youth group for Jewish teens. JCC also offers weekend and weeklong retreats at its Perlstein Retreat Center located in Lake Delton, Wisconsin for families, including special retreats for grandparents and their grandchildren.

J at School – JCC administers J at School, a high-quality After School, Before School, Enrichment, Recess and Lunch supervision program in twenty Chicago Public Schools and two private schools impacting 12,500 school-age children every day filling a significant need for both families and the Chicago Public School system. Additional services include School's Out programming for days when school is not in session but parents need a safe and supervised option for their children during the work day. The J at School Enrichment Program takes place after school hours and provides children a safe and supervised environment, and the opportunity to explore interests outside of the classroom such as performing arts, sports, STEM (Science, Technology, Engineering and Math) offerings, and more.

Fitness and Wellness – JCC fitness and wellness programs impact children and adults of all ages. The Marvin Lustbader Center for Health, Wellness and Fitness at the Bernard Weinger JCC, a 13,000 square foot fitness complex, in Northbrook Illinois, is a fitness center serving the community. The Lustbader Center integrates seamlessly into the existing fitness offerings including a six-lane indoor pool, full-size gymnasium and studio spaces. In addition, JCC offers sports classes and leagues to children and teens, the Lenny Krayzelburg Swim Academy, teaching over 800 children to swim including 30 students with autism spectrum disorder and other disabilities, and the Edmond J. Safra Parkinson's Wellness Initiative offering specialized fitness classes and support groups for individuals with Parkinson's Disease and their families. In addition, the JCC Maccabi Games is an annual sporting event for Jewish teens ages 13 to 16 years old from around the world who join together for friendly sport games and competition.

Adult Services – JCC provides recreational, educational, cultural and health and wellness activities for adults of all ages at select JCC locations as well as at partner venues year-round. Programs include the Chicago Jewish Film Festival, a city-wide film festival that engaged over 5,500 people last year; Community Wednesdays and Shalom Over 50, weekly educational lectures and discussion groups for older adults; excursions to theatre and special events throughout the year, as well as domestic and international travel opportunities, to further build community among this population. Additional programs such as dance lessons, a Hebrew Book Fair, and Hebrew language classes are offered. Volunteer opportunities are also available for individuals looking to make a meaningful impact with their time.

JCC also focuses on engaging young adults in their 20's and 30's through programs such as Seed613, a social entrepreneur fellowship which provides coaching and mentoring to individuals seeking to develop new social ventures. Additional programming for young adults includes volunteer days, Jewish-focused programs such as Shabbat celebrations and Passover meals and social programming.

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 provides emergency services to homeless and disadvantaged individuals and families. EZRA is funded by the Jewish Federation and is administered by JCC 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 offers additional programs and services through the Perlstein Retreat Center and Pritzker Center for Jewish Education (Pritzker Center). The Perlstein Retreat Center located in Lake Delton, Wisconsin, adjacent to JCC Camp Chi, is JCC's premier destination for families, groups, businesses and individuals throughout the Midwest, providing programming, accommodations and meaningful events for guests.

The Pritzker Center is charged by the JCC Board of Directors to serve the Jewish mission of JCC by enhancing Jewish life for Jews of all ages and backgrounds through formal and informal learning experiences. The Pritzker Center strengthens and articulates a Jewish vision, develops Jewish educational models and programs, and offers resources for staff and lay leaders.

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. The financial accounts of the Endowment Foundation are consolidated within the financial statements of JCC because JCC has control and economic interest in the entity.

JCC 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 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*.

Basis of presentation: JCC maintains its financial accounts in accordance with the principles and practices of fund accounting. For financial reporting purposes, net assets and related activity for JCC's funds are classified as net assets without donor restrictions or net assets with donor restrictions based on the existence or absence of donor-imposed restrictions.

Note 2. Significant Accounting Policies (Continued)

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's General Operating Fund, as well as several other funds which have been designated by JCC'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.

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 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 statement 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. Net assets with donor restrictions of $9,926,173 and $9,805,417 at June 30, 2018 and July 1, 2017, respectively, were previously reported as temporarily restricted and permanently restricted net assets of $5,487,431 and $4,438,742 in 2018 and $5,370,184 and $4,435,233 in 2017, respectively.

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

Cash and cash equivalents: JCC considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. At June 30, 2019 and 2018, cash equivalents are comprised entirely of money market funds. Cash and cash equivalents at times may exceed federally insured limits; however, JCC 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: Includes 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 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 recorded as bad debt expense on the consolidated statements of functional expenses.

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'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.

Note 2. Significant Accounting Policies (Continued)

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's community centers and camps have been deferred as of year-end.

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 three to twenty-four 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'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's inception, are not recognized as an asset on the consolidated statements of financial position.

Recognition of support and revenue: Contributions and grants from private foundations are recognized as support or revenue when JCC is notified of the contribution or grant or when the amounts are received. Contributions and private grants are considered available for use unless specifically restricted by the donor or by laws and regulations. The allocation from the Jewish Federation is communicated, received and recognized as public support revenue during and within the same fiscal year. Government grants, including those passed through from the Jewish Federation, are recorded as support as related costs are recognized.

Program service fees and membership dues are recognized as revenue as the services are performed and over the membership period. Amounts received in advance are recorded as deferred revenue.

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 2019 and 2018, respectively. A number of unpaid volunteers and members of JCC's Board of Directors have made significant contributions of their time to JCC'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 financial statements. Under this guidance, JCC 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 and various positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the 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 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: In fiscal year 2019, JCC adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Key elements of the ASU include a reduction in the number of net asset categories from three to two, several new requirements related to expense presentation and disclosure (including investment expenses), new requirements related to the presentation and disclosure for underwater donor-restricted endowment funds, and new required disclosures communicating information useful in assessing liquidity.

JCC also adopted ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement,* in fiscal year 2019. The effect of adopting this accounting guidance resulted in the removal or modification of certain fair value measurement disclosures presented in JCC's consolidated financial statements.

Recent accounting pronouncements: In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP. The updated standard will be effective for JCC's 2020 consolidated financial statements.

Note 2. Significant Accounting Policies (Continued)

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's 2022 consolidated financial statements, with early adoption permitted.

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.* The ASU allows for a one-year effective date deferral of ASC 606 and ASC 842. If adopted by JCC, ASC 606 would be effective for JCC's 2021 consolidated financial statements and ASC 842 would be effective for JCC's 2023 consolidated financial statements.

Also in 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* The ASU requires that the statement of cash flows explain the change during the period of total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The new standard is effective for JCC's 2020 consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This ASU provides guidance surrounding the categorization of certain transactions as contributions or exchange transactions. It further clarifies when contributions should be deemed conditional. The new standard is effective for JCC's 2020 consolidated financial statements.

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

Reclassifications: Certain items on the 2018 consolidated financial statements have been reclassified to conform to the current-year presentation. These reclassifications have no effect on net assets or changes in net assets as previously reported.

Subsequent events: On January 30, 2020, the World Health Organization declared the COVID-19 coronavirus outbreak a public health emergency and subsequently declared it to be a pandemic. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on local, regional and global economies. While it is unknown how long these conditions will last and what the complete financial effect will be to JCC, to date, JCC is experiencing disruptions to activities across JCC, causing 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) and Day Camping. In addition, market fluctuations may affect the value of investments.

On April 28, 2020, JCC received a loan from the Small Business Administration for $3,259,565 under the Paycheck Protection Program of the Coronavirus Aid, Relief, and Economic Security Act. JCC 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 was extended from eight weeks to 24 weeks. The loan is eligible for forgiveness if certain employee and compensation levels are maintained. JCC intends to meet the necessary criteria over the 24-week period.

Management has evaluated subsequent events through June 26, 2020, the date on which the consolidated financial statements were available to be issued.

Note 3. Liquidity

JCC 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, 2019, and 2018 the following financial assets are available to meet annual operating needs of the 2020 and 2019 fiscal year:

	2019	2018
Financial assets available to meet general expenditures over the next 12 months:		
Cash and cash equivalents	$ 3,845,792	$ 1,755,957
Accounts receivable, net	446,113	518,908
Current portion of pledges receivable	531,284	810,321
Due from affiliated organizations	588,119	303,302
Expected distribution from the JCC Endowment Foundation	331,152	334,681
Total financial assets available to meet general expenditure obligations over the next 12 months	$ 5,742,460	$ 3,723,169

In order to meet cash flow needs in the upcoming year, JCC expects to receive an annual allocation of approximately $6,500,000 per year 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 $4,000,000, 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'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, 2019 and 2018, was $6,566,179 and $6,494,467, respectively. The Jewish Federation also provided $1,280,256 and $1,872,385 of other support during the years ended June 30, 2019 and 2018, respectively.

Amounts owed to JCC 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 $234,496 and $214,457 at June 30, 2019 and 2018, respectively.

During fiscal year 2018, JFMC Facilities Corporation, a Jewish Federation related entity, provided a $431,924 grant for funding various costs at the Bernard Weinger Jewish Community Center, a facility leased from JFMC Facilities Corporation.

Amounts owed to JCC from JFMC Facilities Corporation for expenses related to the ZFA Pavilion project was $93,788 at June 30, 2019.

Amounts owed to JFMC Facilities Corporation at June 30, 2019 include a debt liability recorded at its net present value of $2,369,879, in connection with the Bernard Weinger JCC (Note 14). Amounts owed to JFMC Facilities Corporation for rent, utilities, and other items was $121,485 at June 30, 2018.

Amounts owed to JCC by the Jewish United Fund (JUF), a Jewish Federation related entity, for program support was $259,835 and $210,330 at June 30, 2019 and 2018, respectively.

Affiliated agencies provided approximately 19% and 20% of total support, revenue and gains for fiscal years 2019 and 2018, respectively.

Note 5. Pledges Receivable

Pledges at June 30, 2019 and 2018, are expected to be collected as follows:

	2019	2018
Less than one year	$ 531,284	$ 810,321
One to five years	343,375	344,482
More than five years	625,267	710,457
	1,499,926	1,865,260
Less: discount to net present value	(224,387)	(259,952)
Less: allowance for uncollectable pledges	(10,000)	-
Net pledges receivable	1,265,539	1,605,308
Less: current portion	(531,284)	(810,321)
Long-term portion	$ 734,255	$ 794,987

The discount rate used in determining the net present value of pledges receivable is 3.83%.

In the year ended June 30, 2009, the “Z” Frank Apachi Supporting Foundation (“Z”FA Foundation) made a 25-year pledge to JCC. 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.

Note 6. Investments and Fair Value Measurements

Investments at June 30, 2019 and 2018 are as follows:

	2019	2018
State of Israel - Ministry of Defense - bond	$ 1,000	$ 1,000
Common stock	7,280	-
JFMC Pooled Endowment Portfolio:		
Agency investments	9,237,050	9,425,540
Endowment Foundation	5,738,048	5,801,409
	$ 14,983,378	$ 15,227,949

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 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.

Note 6. Investments and Fair Value Measurements (Continued)

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 is based on the lowest level of input that is significant to the fair value measurement. JCC'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 uses 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 per share (NAV) practical expedient and have not been categorized in the fair value hierarchy.

The replacement reserve funds are held by the Jewish Federation and commingled in the PEP. As such, JCC 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, 2019, are as follows:

	Level 1	Level 2	Level 3	Measured at NAV [(a)]	Total
Description:					
Common stock	$ 7,280	$ -	$ -	$ -	$ 7,280
Fixed income	-	1,000	-	-	1,000
Jewish Federation PEP:					
Agency investments	-	-	-	9,237,050	9,237,050
Endowment Foundation	-	-	-	5,738,048	5,738,048
	7,280	1,000	-	14,975,098	14,983,378
Replacement reserve funds	-	-	-	139,220	139,220
Total assets	$ 7,280	$ 1,000	$ -	$ 15,114,318	$ 15,122,598

Note 6. Investments and Fair Value Measurements (Continued)

Fair values of assets measured on a recurring basis at June 30, 2018, 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	-	-	-	9,425,540	9,425,540
Endowment Foundation	-	-	-	5,801,409	5,801,409
	-	1,000	-	15,226,949	15,227,949
Replacement reserve funds	-	-	-	372,984	372,984
Total assets	$ -	$ 1,000	$ -	$ 15,599,933	$ 15,600,933

(a) In accordance with Subtopic ASC 820-10, certain investments that were measured at net asset value 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 85.36% of the PEP as of June 30, 2019, and JCC and the Endowment Foundation, respectively, had 0.93% and 0.58% interest in the Jewish Federation's portion of the PEP for the same reporting period. As the manager, the Jewish Federation owned 82.2% of the PEP as of June 30, 2018, and JCC and the Endowment Foundation, respectively, had 0.89% and 0.67% interest in the Jewish Federation's portion of the PEP for the same reporting period.

The PEP invests in various types of investments, including common stock, registered investment companies, and non-registered investment companies. JCC and the Endowment Foundation do not own or have any interest in the underlying investments held by the PEP. JCC 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 based on net asset information (practical expedient) provided by the PEP's manager. In determining fair value, JCC utilizes the valuation reflected on the 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 and the PEP's manager use their best judgment in estimating the fair values, there are inherent limitations in any estimation technique.

Note 6. Investments and Fair Value Measurements (Continued)

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, 2019 and 2018, $1,293,306 and $1,393,838 of the net assets related to the Endowment Foundation's investment in the PEP are subject to donor restrictions, respectively.

JCC 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 generally invests excess cash assets in the PEP. In the event the PEP does not fulfill its obligations, JCC 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.

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

Note 7. 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 Mayer Kaplan JCC and the Florence G. Heller JCC. The value of the Mayer Kaplan JCC replacement reserve was $130,207 and $314,441 at June 30, 2019 and 2018, respectively. The value of the Florence G. Heller JCC replacement reserve was $9,013 and $58,543 at June 30, 2019 and 2018, respectively.

Note 8. Property and Equipment

	2019	2018
Land	$ 530,977	$ 957,106
Buildings and building improvements	10,289,860	14,970,385
Infrastructure improvements	579,199	577,176
Land improvements	526,642	500,056
Leasehold improvements	9,379,963	9,236,399
Equipment and furniture	7,721,988	8,352,142
Vehicles	358,958	317,692
Computer equipment	2,666,419	2,688,330
Program equipment	1,281,087	1,173,064
Equipment under capital leases	821,556	918,792
Software	530,245	515,245
Other	208,736	208,736
Construction in progress	166,910	198,045
	35,062,540	40,613,168
Less accumulated depreciation and amortization	25,370,293	28,943,206
	$ 9,692,247	$ 11,669,962

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

On December 18, 2018, JCC closed on a contract for the sale of the Mayer Kaplan JCC, for $2,250,000. Operations at the community center ceased in September 2018. JCC recognized a gain on the sale of $949,117. In connection with the sale, $1,000,000 of the proceeds were used to make a prepayment to JFMC Facilities Corporation for future Lustbader Fitness Center occupancy costs.

Depreciation and amortization expense was $1,559,128 and $1,671,356, including capital leased asset amortization of $113,575 and $165,736 for the years ended June 30, 2019 and 2018, respectively.

Accumulated amortization for assets held under capital leases, included above, was $542,152 and $428,577 for the years ended June 30, 2019 and 2018, respectively. During fiscal years 2019 and 2018 certain assets previously included as capital leases were reclassified to their appropriate asset class as the lease was completed.

Note 9. Bond and Note Payable

	2019	2018
Bond payable to Colorado Educational and Cultural Facilities Authority, payable in annual $65,000 installments with interest payable monthly at a variable rate (2.56% at June 30, 2019) through September 1, 2023.	$ 330,000	$ 395,000
Note payable to First Midwest Bank, extended in March 2019, payable in five equal annual installments of $100,000 plus monthly interest payments at LIBOR plus 125 basis points (3.69% at June 30, 2019), and a balloon payment of $1,540,000 due August 31, 2024. Collateralized by JCC assets.	2,040,000	2,140,000
	2,370,000	2,535,000
Less current portion	165,000	165,000
Long-term portion	$ 2,205,000	$ 2,370,000

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

Interest expense on the bond and note payable was $81,210 and $69,725 in fiscal years 2019 and 2018, respectively. Bond expense was $12,873 and $17,880 in fiscal years 2019 and 2018, respectively.

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

Year ending June 30,	
2020	$ 165,000
2021	165,000
2022	165,000
2023	170,000
2024	165,000
2025	1,540,000
	$ 2,370,000

JCC has a $4,000,000 line of credit that is scheduled to mature on April 2, 2020. The line bears interest at 30-day LIBOR plus 1.00%. The line is collateralized by JCC's business assets and guaranteed by JUF. During the year, JCC borrowed a total of $3,750,000 against the line, which was fully repaid by June 30, 2019. Subsequent to June 30, 2019, JCC has borrowed a total of $3,898,629 against the line. It is JCC's plans to renew the line and, in June 2020, was discussing renewal of the line with the bank.

Interest expense on the line of credit was $62,956 and $46,541 in fiscal years 2019 and 2018, respectively.

Note 10. Capital Leases

Capital lease obligations relate to certain equipment which JCC leases under various lease agreements that expire through April 2022. The net carrying value of this equipment was $207,747 and $490,215 at June 30, 2019 and 2018, respectively. JCC has capital lease obligations outstanding of $345,133 and $508,880 at June 30, 2019 and 2018, respectively.

The following is a schedule of the present value of future minimum lease payments:

	2019	2018
Total future minimum lease payments	$ 364,161	$ 545,585
Less amounts representing interest	(19,028)	(36,705)
Present value of net minimum lease payments	345,133	508,880
Less current portion	(141,394)	(163,742)
Long-term portion	$ 203,739	$ 345,138

The following is a schedule of the future minimum lease payments under the capital leases by year:

Year ending June 30,	
2020	$ 153,392
2021	140,839
2022	69,930
Amount representing interest	(19,028)
Present value of net minimum payments	$ 345,133

Interest expense on the capital lease obligation was $18,538 and $24,992 for the years ended June 30, 2019 and 2018, respectively.

Note 11. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2019 and 2018, are restricted as follows:

	2019	2018
Undistributed income of donor restricted endowment funds:		
Mayer Kaplan Library	$ 16,686	$ 20,341
Scholarship Support	606,362	684,789
Senior Programming	725	795
	623,773	705,925
Specific purpose funds:		
"Z" Frank Camp Apachi Supporting Foundation	809,101	859,884
Bachrach Sukkah Garden	14,247	14,821
Benefit Concert	42,500	-
Capital Improvements	377,869	307,248
Children and Family Services	181,800	197,650
Davis Theater	227,840	237,024
Day Camping	99,569	69,714
Early Childhood Services	151,734	306,799
Project Ezra	173,948	188,966
Garoon Science Park at Elaine Frank Apachi Camp	888,459	851,248
J At School Program	15,000	1,500
Jewish Film Festival	16,292	78,500
Life Insurance Policies	127,506	127,548
Mezzuzot Project	2,089	2,089
Perlstein	-	12,337
Resident Camping	115,196	176,899
Sidney N. Shure Kehilla Program	3,600	-
Scholarship Support Other	4,839	4,865
Software Systems	-	16,820
Sports and Leagues	3,506	33,756
	3,255,095	3,487,668
Donor restricted endowment funds:		
Bachrach Sukkah Garden	680	680
Jewish Education	2,000,000	2,000,000
Life Insurance	39,975	38,999
Mayer Kaplan Library	74,000	74,000
Scholarship Support	2,224,063	2,224,063
Senior Programming	1,000	1,000
	4,339,718	4,338,742
Endowment Foundation:		
City North Kehilla	664,373	822,822
Scholarships	184,668	215,392
Weinger JCC	338,423	249,938
Time restricted	5,842	5,686
Joanne Pekin Fund	50,000	50,000
Noel and Doris Kaplan Fund	50,000	50,000
	1,293,306	1,393,838
	$ 9,511,892	$ 9,926,173

Note 12. Endowment Funds

JCC'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. In accordance with the original agreements and any subsequent amendments, JCC has agreed to transfer to its respective Endowment Foundation all endowment gifts and 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.

The operating expenses of the Endowment Foundation for fiscal year 2019 and 2018 were $51,162 and $47,442, respectively.

JCC 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 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 and the Endowment Foundation include both donor-restricted funds and funds designated by the respective Boards of Directors of JCC 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 follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the State of Illinois. The respective boards of directors for JCC 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 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 and incurs no other expenditures other than those made on behalf of JCC. 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.

In accordance with UPMIFA, JCC 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 and the Endowment Foundation; and
7) The investment policies of JCC and the Endowment Foundation.

Note 12. Endowment Funds (Continued)

Endowment net asset composition by type of fund as of June 30, 2019 and 2018, are as follows:

	2019 Without Donor Restrictions	2019 With Donor Restrictions	2019 Total	2018 Without Donor Restrictions	2018 With Donor Restrictions	2018 Total
Donor-restricted endowment funds	$ -	$ 6,256,797	$ 6,256,797	$ -	$ 6,438,505	$ 6,438,505
Board-designated endowment funds	4,481,075	-	4,481,075	4,459,603	-	4,459,603
Total endowment funds	$ 4,481,075	$ 6,256,797	$ 10,737,872	$ 4,459,603	$ 6,438,505	$ 10,898,108

Changes in endowment net assets for the years ended June 30, 2019 and 2018, are as follows:

	2019 Without Donor Restrictions	2019 With Donor Restrictions	2019 Total	2018 Without Donor Restrictions	2018 With Donor Restrictions	2018 Total
Endowment net assets, beginning of year	$ 4,459,603	$ 6,438,505	$ 10,898,108	$ 4,224,191	$ 6,467,235	$ 10,691,426
Contributions	10,908	103,261	114,169	4,810	165,304	170,114
Net appreciation (realized and unrealized) on investment	191,971	105,438	297,409	572,072	371,634	943,706
Change in cash surrender value of life insurance	-	976	976	-	3,409	3,409
Amounts appropriated for expenditures	(386,049)	(186,741)	(572,790)	(527,106)	(383,441)	(910,547)
Transfer of net assets released from restrictions	204,642	(204,642)	-	185,636	(185,636)	-
Endowment net assets, end of year	$ 4,481,075	$ 6,256,797	$ 10,737,872	$ 4,459,603	$ 6,438,505	$ 10,898,108

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 to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2019 and 2018.

Return objectives and risk parameters: JCC 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 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 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 and the Endowment Foundation have adopted the Jewish Federation's Controlled Growth Distribution Policy (CGDP) to calculate distributions. Under this policy, the distribution rate for an annual distribution 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.

Note 13. Retirement Plan

JCC 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, employer contributions to which are computed on the basis of a percentage of salaries. These plans cover substantially all of JCC's full-time employees.

Annual contributions by JCC 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's contributions for FERST were $163,098 and $118,160 for fiscal years 2019 and 2018, respectively.

JCC 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.

Multi-Employer 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 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.

The financial health of a multiemployer plan is indicated by the zone status, as defined by the Pension Protection Act of 2006 (PPA), which represents the funded status of the plan as certified by the plan's actuary. Plans in the red zone are less than 65% funded; plans in the yellow zone are less than 80% funded; and plans in the green zone are at least 80% funded.

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
		2019	2018		2019	2018		
FERIP	36-2167034	N/A*	N/A*	N/A	$589,762	$583,923	-	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 could be assessed a withdrawal liability in the event that it decides to cease participating in the plan. FERIP's actuarial valuation for the years ended December 31, 2018 and 2017, indicate the plan was less than 61% and 63% funded, respectively.

Note 14. Commitments and Contingencies

Lake County Jewish Community Campus Project

Construction of the JCC Elaine Frank Apachi Day Camp was completed and operations as a day camp and an early childhood services facility commenced in 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 for the JCC Elaine Frank Apachi Day Camp provides for minimum annual rental payments which include the lessor's debt service and operating costs as base rent through 2038. JCC 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 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 2019 and 2018 included $3,357,810 and $2,994,461 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.

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

Year ending June 30,	
2020	$ 5,449,052
2021	5,573,233
2022	5,720,812
2023	5,867,131
2024	5,963,263
Thereafter	32,226,446
	$ 60,799,937

Total rentals for premises amounted to $5,391,492 and $6,332,241 in fiscal years 2019 and 2018, respectively. Rentals related to leases with JFMC Facilities Corporation were $5,046,815 and $5,799,686 in fiscal years 2019 and 2018. Additionally, JCC rents vehicles for camp transportation. In fiscal years 2019 and 2018, these rentals totaled $50,382 and $58,346, 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 pays by approximately $315,000, but charged JCC 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 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's June 30, 2019 consolidated statement of financial position, and as an expense on the fiscal year 2019 consolidated statement of activities, at its net present value of $2,369,879 based on a 4% discount rate (current liability of $213,150 and noncurrent liability of $2,156,729)

Note 14. Commitments and Contingencies (Continued)

Future minimum payments for related debt are as follows:

Year ending June 30,	
2020	$ 213,150
2021	213,150
2022	213,150
2023	213,150
2024	213,150
Thereafter	2,131,490
	3,197,240
Discount to present value	(827,361)
	$ 2,369,879

In December 2018, in connection with the sale of the Mayer Kaplan JCC, $1,000,000 of the proceeds from the sale were used to make a prepayment to JFMC Facilities Corporation for future Lustbader Fitness Center occupancy costs. The prepayment will reduce occupancy payments over the next 27 years.

Expense Sharing Arrangements
JCC 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.

Litigation
JCC 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's consolidated financial statements.

Other Commitments
JCC has a liability with respect to former General Directors for retiree health insurance through their dates of death. The balance of this liability was $127,648 and $133,572 as of June 30, 2019 and 2018, respectively, and is included in accrued expenses on the consolidated statements of financial position.

In June 2016, JCC entered into an agreement to replace its membership management system. The 6-year agreement calls for payments commencing September 1, 2016 totaling $172,000 in 2017, $175,000 in 2018, and $183,750 annually from 2019 through 2022.

Note 15. Related Party Transactions

Board members of JCC provided $311,559 and $308,283 of contributions in fiscal years 2019 and 2018, respectively.

In December 2012, JCC entered into an agreement to provide a housing loan to its General Director. The agreement provided for the forgiveness of the debt and accumulated interest over a 5-year period if the General Director remained employed by JCC over the same time frame. The loan to the General Director was fully forgiven as of June 30, 2018 and was removed from other assets.