Jewish Community Centers of Chicago

Consolidated Financial Report
June 30, 2020

Contents

RSM

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, 2020 and 2019, 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, 2020 and 2019, 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
October 22, 2021

Jewish Community Centers of Chicago

Consolidated Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	$ 1,284,653	$ 3,845,792
Restricted cash	710,410	709,738
Accounts receivable, net	518,179	446,113
Current portion of pledges receivable, net	889,235	531,284
Due from affiliated organizations	849,204	588,119
Prepaid expenses	565,159	2,416,298
Short-term investments	1,000	8,280
Total current assets	4,817,840	8,545,624
Noncurrent assets:		
Cash surrender value of life insurance policies	180,149	167,480
Pledges receivable, net	663,066	734,255
Prepaid rent	1,239,028	1,330,000
Investments	9,120,372	9,237,050
Endowment Foundation investments	5,983,617	5,738,048
Property and equipment, net	9,361,327	9,692,247
Replacement reserves	93,379	139,220
Total noncurrent assets	26,640,938	27,038,300
Total assets	$ 31,458,778	$ 35,583,924

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Jewish Community Centers of Chicago

Consolidated Statements of Financial Position (Continued)
June 30, 2020 and 2019

	2020	2019
Liabilities and Net Assets		
Current liabilities:		
Current portion of bond and note payable	**$ 165,000**	$ 165,000
Current portion of capital lease obligations	**135,010**	141,394
Current portion of due to JFMC Facilities Corporation	**-**	213,150
Accounts payable	**6,689,078**	1,698,015
Accrued expenses	**815,593**	734,125
Deferred revenue	**3,763,078**	14,379,592
Other liabilities	**336,223**	48,311
Total current liabilities	**11,903,982**	17,379,587
Accrued expenses	**131,584**	127,648
Capital lease obligations	**69,018**	203,739
Paycheck Protection Program loan payable	**3,259,565**	-
Bond and note payable	**2,040,000**	2,205,000
Due to JFMC Facilities Corporation	**2,164,927**	2,156,729
Total liabilities	**19,569,076**	22,072,703
Net assets:		
Without donor restrictions:		
Accumulated operating deficit	**(7,870,411)**	(5,661,607)
Board-designated for special purposes	**5,141,787**	5,179,861
Board-designated endowment	**25,351**	26,885
Investment in JCC Endowment Foundation	**4,810,651**	4,454,190
Total without donor restrictions	**2,107,378**	3,999,329
With donor restrictions:		
Specific purpose funds	**3,642,149**	3,255,095
Undistributed income of donor restricted endowment funds	**589,049**	623,773
Endowment funds	**4,341,681**	4,339,718
Investment in JCC Endowment Foundation	**1,209,445**	1,293,306
Total with donor restrictions	**9,782,324**	9,511,892
Total net assets	**11,889,702**	13,511,221
Total liabilities and net assets	**$ 31,458,778**	$ 35,583,924

See notes to consolidated financial statements.

Jewish Community Centers of Chicago

Consolidated Statements of Activities
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and gains:						
Direct public support:						
Contributions	$ 1,695,347	$ 389,784	$ 2,085,131	$ 844,717	$ 205,161	$ 1,049,878
Grants from private foundations	928,562	408,596	1,337,158	918,436	741,256	1,659,692
Special events:						
Gross event revenues	38,285	-	38,285	76,989	-	76,989
Less: direct expenses	(33,738)	-	(33,738)	(45,391)	-	(45,391)
Net special events	4,547	-	4,547	31,598	-	31,598
Total direct public support	2,628,456	798,380	3,426,836	1,794,751	946,417	2,741,168
Indirect public support:						
Support from Jewish Federation of Metropolitan Chicago:						
Allocations	6,606,181	-	6,606,181	6,566,179	-	6,566,179
Other	1,290,428	598,359	1,888,787	1,255,664	24,592	1,280,256
Total indirect public support	7,896,609	598,359	8,494,968	7,821,843	24,592	7,846,435
Program service revenue:						
Fees and grants from government agencies	41,132	-	41,132	18,456	-	18,456
Revenue directly related to program services:					-	
Program service fees	24,790,318	-	24,790,318	27,901,759	-	27,901,759
Membership dues - individuals	701,942	-	701,942	904,870	-	904,870
Services to other organizations	18,600	-	18,600	-	-	-
Inventory sales	43,667	-	43,667	167,891	-	167,891
Cost of inventory sold	(83,569)	-	(83,569)	(95,697)	-	(95,697)
Total program service revenue	25,512,090	-	25,512,090	28,897,279	-	28,897,279
Other revenue:						
Investment (loss) income, net	(4,735)	(2,226)	(6,961)	5,433	3,233	8,666
Net gains on investments	503,141	168,751	671,892	403,824	90,098	493,922
Net unrealized gains on other assets	-	-	-	10,732	-	10,732
Increase in cash surrender value of life insurance policies	-	12,669	12,669	-	934	934
Gain on sale of Mayer Kaplan JCC	-	-	-	949,117	-	949,117
Revenue from other sources	626,678	-	626,678	835,180	-	835,180
Net assets released from restrictions	1,305,501	(1,305,501)	-	1,479,555	(1,479,555)	-
Total other revenue	2,430,585	(1,126,307)	1,304,278	3,683,841	(1,385,290)	2,298,551
Total support, revenue and gains	38,467,740	270,432	38,738,172	42,197,714	(414,281)	41,783,433

(Continued)

Jewish Community Centers of Chicago

Consolidated Statements of Activities (Continued)
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:						
Program services:						
Early childhood services	$ 9,973,661	$ -	$ 9,973,661	$ 10,173,445	$ -	$10,173,445
Day camping	6,788,098	-	6,788,098	6,789,247	-	6,789,247
Resident camping	4,355,420	-	4,355,420	4,349,929	-	4,349,929
Teen and family engagement	744,050	-	744,050	563,815	-	563,815
J at School	4,210,189	-	4,210,189	3,712,735	-	3,712,735
Recreation and wellness	2,323,181	-	2,323,181	3,855,439	-	3,855,439
Adult services	815,871	-	815,871	1,117,073	-	1,117,073
At risk individuals and families	2,044,360	-	2,044,360	1,789,514	-	1,789,514
Other services	1,451,794	-	1,451,794	1,353,241	-	1,353,241
Total program service expenses	32,706,624	-	32,706,624	33,704,438	-	33,704,438
Supporting services:						
Management and general	6,918,623	-	6,918,623	6,909,382	-	6,909,382
Fundraising	734,444	-	734,444	664,856	-	664,856
Total supporting service expenses	7,653,067	-	7,653,067	7,574,238	-	7,574,238
Total expenses	40,359,691	-	40,359,691	41,278,676	-	41,278,676
Change in net assets before other changes	(1,891,951)	270,432	(1,621,519)	919,038	(414,281)	504,757
Other changes in net assets:						
Debt charged by JFMC Facilities Corporation	-	-	-	(2,583,879)	-	(2,583,879)
Change in net assets	(1,891,951)	270,432	(1,621,519)	(1,664,841)	(414,281)	(2,079,122)
Net assets, beginning of year	3,999,329	9,511,892	13,511,221	5,664,170	9,926,173	15,590,343
Net assets, end of year	$ 2,107,378	$ 9,782,324	$11,889,702	$ 3,999,329	$ 9,511,892	$13,511,221

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 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	504,481	331,145	371,625	17,332	77,640	391,445	14,258	32,708	131,389	1,872,023	656,062	211,078	2,739,163
Marketing	65,871	159,479	56,772	3,866	15,978	71,084	81,585	-	16,052	470,687	925	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	29,003	91,797	67,274	5,802	47,741	21,098	8,870	61,500	2,746	335,831	483,749	13,851	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	43,124	23,418	26,680	898	36,123	3,507	2,255	6,511	2,559	145,075	57,040	4,309	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	70,499	76,543	59,051	1,320	37,874	18,199	7,643	15,017	9,157	295,303	-	-	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
	$ 10,173,445	$ 6,789,247	$ 4,349,929	$ 563,815	$ 3,712,735	$ 3,855,439	$ 1,117,073	$ 1,789,514	$ 1,353,241	$ 33,704,438	$ 6,909,382	$ 664,856	$ 41,278,676

See notes to consolidated financial statements.

Jewish Community Centers of Chicago

Consolidated Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ (1,621,519)	$ (2,079,122)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,335,263	1,559,128
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	(12,669)	(934)
Gains on investments	(405,123)	(328,167)
Gains on Endowment Foundation investments	(254,328)	(194,745)
Net unrealized loss (gain) on replacement reserve funds (other assets)	3,451	(10,732)
Interest restricted for reinvestment	(672)	(711)
Contributions intended to be held in perpetuity	(20,000)	-
Changes in:		
Accounts receivable	(72,066)	72,795
Pledges receivable	(286,762)	339,769
Replacement reserves	42,390	244,496
Due from affiliated organizations	(261,085)	(284,817)
Prepaid expenses and prepaid rent	1,942,111	(1,003,044)
Accounts payable, accrued expenses and other liabilities	5,364,379	236,799
Deferred revenue	(10,616,514)	300,728
Net cash (used in) provided by operating activities	(4,863,144)	486,205
Cash flows from investing activities:		
Purchases of property and equipment	(1,004,343)	(882,296)
Proceeds from sale of Mayer Kaplan JCC	-	2,250,000
Proceeds from sales of investments	529,081	516,657
Purchase of investments	-	(7,280)
Purchases of Endowment Foundation investments	(380,814)	(127,737)
Proceeds from sales of Endowment Foundation investments	389,573	385,843
Net cash (used in) provided by investing activities	(466,503)	2,135,187
Cash flows from financing activities:		
Contributions intended to be held in perpetuity	20,000	-
Interest restricted for reinvestment	672	711
Proceeds from Paycheck Protection Payable loan	3,259,565	-
Repayment of bond and note payable	(165,000)	(165,000)
Repayment of JFMC Facilities Corporation debt	(204,952)	(214,000)
Repayment of capital lease obligations	(141,105)	(163,747)
Net cash provided by (used in) financing activities	2,769,180	(542,036)
(Decrease) increase in cash, cash equivalents, and restricted cash	(2,560,467)	2,079,356
Cash, cash equivalents, and restricted cash:		
Beginning of year	4,555,530	2,476,174
End of year	$ 1,995,063	$ 4,555,530
Cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	1,284,653	3,845,792
Restricted cash	710,410	709,738
Total cash, cash equivalents, and restricted cash	$ 1,995,063	$ 4,555,530
Supplemental disclosures of cash flows information:		
Cash payments for interest	$ 110,575	$ 162,704

See notes to consolidated financial statements.

Note 1. Organization

Jewish Community Centers of Chicago (JCC Chicago) is an Illinois non-profit 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 child care 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 child care and preschool programming.

Camp – JCC Chicago operates nine day camps throughout Chicagoland, serving over 3,000 children from ages three- through 13 years old. JCC Chicago offers traditional day camp as well as specialty camps for sports, performing arts and 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 nine to sixteen, enjoy up to eight weeks of overnight camp programming each summer. Day and overnight camp provides 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 Israel 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 activities 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 and Pritzker Center for Jewish Education (Pritzker 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.

The Pritzker Center is charged by the JCC Chicago's Board of Directors to serve the Jewish mission of JCC Chicago 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 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*.

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:

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 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.

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 considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. At June 30, 2020 and 2019, 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: 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 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 recorded as bad debt expense on the consolidated statements of functional expenses. Allowances for uncollectible amounts were $101,762 and $15,000 at June 30, 2020 and 2019, 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.

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

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 three 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 $72,690 and $130,207 at June 30, 2020 and 2019, respectively. The value of the Florence G. Heller JCC replacement reserve was $20,689 and $9,013 at June 30, 2020 and 2019, respectively.

Recognition of support and revenue: 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 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 generally considered to be conditional contributions and recorded as support as qualifying expenses are recognized.

Note 2. Significant Accounting Policies (Continued)

Program service fees and membership dues are recognized as revenue as the services are performed and over the membership period. Resident camping revenue and expenses included in the statements of activities for the years ended June 30, 2020 and 2019 relate to camps taking place primarily during the summer months of the 2019 and 2018 calendar years, respectively. 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 2020 and 2019. 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.

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: In fiscal year 2020, JCC Chicago adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The adoption of this guidance did not have a significant impact on the consolidated financial statements.

Note 2. Significant Accounting Policies (Continued)

Also in fiscal year 2020, JCC Chicago adopted 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 adoption of this guidance resulted in the inclusion of restricted cash with cash and cash equivalents on the consolidated statements of cash flows.

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 606 and Topic 842. JCC Chicago has elected the one-year effective date deferral of Topic 606 and Topic 842.

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' Chicago's 2021 consolidated financial statements.

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.

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.

Reclassifications: Certain items on the 2019 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.

COVID-19: The COVID-19 pandemic affected JCC's activities and finances beginning in March 2020. To date, JCC Chicago has experienced disruptions to activities across JCC Chicago, 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 but held in summer 2021) and Day Camping. As a direct result of the pandemic and the cancellation of Resident Camping and other programs JCC Chicago has reflected within these financial statements approximately $5,900,000 of refunds payable at June 30, 2020. The refunds are included in accounts payable on the consolidated statement of financial position.

Subsequent events: Management has evaluated subsequent events through October 22, 2021, 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, 2020 and 2019, the following financial assets are available to meet annual operating needs during the next 12 months:

	2020	2019
Financial assets available to meet general expenditures over the next 12 months:		
Cash and cash equivalents	$ 1,284,653	$ 3,845,792
Accounts receivable, net	518,179	446,113
Current portion of pledges receivable	889,235	531,284
Due from affiliated organizations	849,204	588,119
Expected distribution from the JCC Endowment Foundation	331,522	331,152
Total financial assets available to meet general expenditure obligations over the next 12 months	$ 3,872,793	$ 5,742,460

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 the following 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 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, 2020 and 2019, was $6,606,181 and $6,566,179, respectively. The Jewish Federation also provided $1,888,787 and $1,280,256 of other support during the years ended June 30, 2020 and 2019, 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 $616,496 and $234,496 at June 30, 2020 and 2019, respectively.

Amounts owed to JCC Chicago from JFMC Facilities Corporation for expenses related to the ZFA Pavilion project were $115,071 and $93,788 at June 30, 2020 and 2019, respectively.

Amounts owed to JFMC Facilities Corporation include a debt liability recorded at its net present value of $2,164,927 and $2,369,879 at June 30, 2020 and 2019, respectively, in connection with the Bernard Weinger JCC (Note 14).

Amounts owed to JCC Chicago by the Jewish United Fund (JUF), a Jewish Federation related entity, for program support was $117,371 and $259,835 at June 30, 2020 and 2019, respectively.

Affiliated agencies provided approximately 22% and 19% of total support, revenue and gains for fiscal years 2020 and 2019, respectively.

Note 5. Pledges Receivable

Pledges at June 30, 2020 and 2019, are expected to be collected as follows:

	2020	2019
Less than one year	$ 981,543	$ 531,284
One to five years	328,549	343,375
More than five years	518,201	625,267
	1,828,293	1,499,926
Less: discount to net present value	(183,684)	(224,387)
Less: allowance for uncollectable pledges	(92,308)	(10,000)
Net pledges receivable	1,552,301	1,265,539
Less: current portion	(889,235)	(531,284)
Long-term portion	$ 663,066	$ 734,255

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 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 receivable include remaining expected installments totaling approximately $900,000, less a present value discount at a rate of approximately 4%.

Note 6. Investments and Fair Value Measurements

Investments at June 30, 2020 and 2019 are as follows:

	2020	2019
State of Israel - Ministry of Defense - bond	$ 1,000	$ 1,000
Common stock	-	7,280
JFMC Pooled Endowment Portfolio:		
Agency investments	9,120,372	9,237,050
Endowment Foundation	5,983,617	5,738,048
	$ 15,104,989	$ 14,983,378

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.

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 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 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 (NAV) per share 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 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, 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

Note 6. Investments and Fair Value Measurements (Continued)

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

[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 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. As the manager, the Jewish Federation owned 85.36% of the PEP as of June 30, 2019, and JCC Chicago 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.

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.

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, 2020 and 2019, $1,209,445 and $1,293,306 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.

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

	2020	2019
Land	$ 530,977	$ 530,977
Buildings and building improvements	10,682,580	10,289,860
Infrastructure improvements	579,199	579,199
Land improvements	526,642	526,642
Leasehold improvements	9,379,963	9,379,963
Equipment and furniture	7,742,143	7,721,988
Vehicles	412,158	358,958
Computer equipment	2,690,544	2,666,419
Program equipment	1,290,939	1,281,087
Equipment under capital leases	821,556	821,556
Software	632,700	530,245
Other	208,736	208,736
Construction in progress	568,743	166,910
	36,066,880	35,062,540
Less accumulated depreciation and amortization	26,705,553	25,370,293
	$ 9,361,327	$ 9,692,247

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

On December 18, 2018, JCC Chicago 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 Chicago 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 Bernard Weinger JCC occupancy costs.

Depreciation and amortization expense was $1,335,263 and $1,559,128, including capital leased asset amortization of $118,415 and $113,575 for the years ended June 30, 2020 and 2019, respectively.

Accumulated amortization for assets held under capital leases, included above, was $660,567 and $542,152 for the years ended June 30, 2020 and 2019, 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). 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 was extended from eight weeks to 24 weeks. The loan is eligible for forgiveness if certain employee and compensation levels are maintained. On June 15, 2021, the SBA forgave the loan in full.

On March 30, 2021, JCC Chicago received a second loan from the SBA for $2,000,000 under the PPP of the CARES Act. 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. JCC Chicago submitted its application for forgiveness on August 23, 2021.

Note 9. Bond and Note Payable

	2020	2019
Bond payable to Colorado Educational and Cultural Facilities Authority, payable in annual $65,000 installments with interest payable monthly at a variable rate (1.96% at June 30, 2020) through September 1, 2023.	$ 265,000	$ 330,000
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 (1.40% at June 30, 2020), and a balloon payment of $1,540,000 due August 31, 2024. Collateralized by JCC Chicago assets.	1,940,000	2,040,000
	2,205,000	2,370,000
Less current portion	165,000	165,000
Long-term portion	$ 2,040,000	$ 2,205,000

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

Interest expense on the bond and note payable was $68,871 and $81,210 in fiscal years 2020 and 2019, respectively. Bond expense was $8,139 and $12,873 in fiscal years 2020 and 2019, respectively.

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

Year ending June 30,	
2021	$ 165,000
2022	170,000
2023	165,000
2024	165,000
2025	1,540,000
	$ 2,205,000

JCC Chicago has a $4,000,000 line of credit that is scheduled to mature on April 2, 2021. 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. During the year, JCC Chicago borrowed a total of $4,000,000 against the line, which was fully repaid by June 30, 2020. Interest expense on the line of credit was $24,492 and $62,956 in fiscal years 2020 and 2019, respectively.

In April 2021, the line of credit was increased to $5,000,000 and extended through April 1, 2022.

Note 10. Capital Leases

Capital lease obligations relate to certain equipment which JCC Chicago leases under various lease agreements that expire through April 2022. The net carrying value of this equipment was $197,450 and $340,172 at June 30, 2020 and 2019, respectively. JCC Chicago has capital lease obligations outstanding of $204,028 and $345,133 at June 30, 2020 and 2019, respectively.

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

	2020	2019
Total future minimum lease payments	$ 210,769	$ 364,161
Less amounts representing interest	(6,741)	(19,028)
Present value of net minimum lease payments	204,028	345,133
Less current portion	(135,010)	(141,394)
Long-term portion	$ 69,018	$ 203,739

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

Year ending June 30,	
2021	140,839
2022	69,930
Amount representing interest	(6,741)
Present value of net minimum payments	$ 204,028

Interest expense on the capital lease obligation was $17,212 and $18,538 for the years ended June 30, 2020 and 2019, respectively.

Note 11. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2020 and 2019, are restricted as follows:

	2020	2019
Specific purpose funds:		
"Z" Frank Camp Apachi Supporting Foundation	785,697	809,101
Bachrach Sukkah Garden	13,834	14,247
Benefit Concert	-	42,500
Capital Improvements	117,000	377,869
Children and Family Services	210,000	181,800
Davis Theater	221,231	227,840
Day Camping	17,600	99,569
Early Childhood Services	25,000	151,734
Project Ezra	390,307	173,948
Garoon Science Park at Elaine Frank Apachi Camp	936,369	888,459
J At School Program	-	15,000
Jewish Film Festival	187,200	16,292
Life Insurance Policies	140,911	127,506
Mezzuzot Project	-	2,089
Resident Camping	597,000	115,196
Sidney N. Shure Kehilla Program	-	3,600
Scholarship Support Other	-	4,839
Sports and Leagues	-	3,506
	3,642,149	3,255,095
Undistributed income of donor restricted endowment funds:		
Mayer Kaplan Library	$ 14,055	$ 16,686
Scholarship Support	574,319	606,362
Senior Programming	675	725
	589,049	623,773
Donor restricted endowment funds:		
Bachrach Sukkah Garden	680	680
Jewish Education	2,000,000	2,000,000
Life Insurance	39,238	39,975
Mayer Kaplan Library	74,000	74,000
Scholarship Support	2,226,763	2,224,063
Senior Programming	1,000	1,000
	4,341,681	4,339,718
Endowment Foundation:		
City North Kehilla	500,138	664,373
Scholarships	158,338	184,668
Weinger JCC	425,022	338,423
Time restricted	5,947	5,842
Joanne Pekin Fund	50,000	50,000
Noel and Doris Kaplan Fund	50,000	50,000
Z Frank Apachi Day Camp	20,000	-
	1,209,445	1,293,306
	$ 9,782,324	$ 9,511,892

Note 12. 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 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 Chicago.

The operating expenses of the Endowment Foundation for fiscal year 2020 and 2019 were $58,417 and $51,162, 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.

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; and
7) The investment policies of JCC Chicago and the Endowment Foundation.

Note 12. Endowment Funds (Continued)

Endowment net asset composition by type of fund as of June 30, 2020 and 2019, are as follows:

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 4,836,002	$ -	$ 4,836,002	$ 4,481,075	$ -	$ 4,481,075
Donor-restricted endowment funds	-	6,140,175	6,140,175	-	6,256,797	6,256,797
Total endowment funds	$ 4,836,002	$ 6,140,175	$ 10,976,177	$ 4,481,075	$ 6,256,797	$ 10,737,872

Changes in endowment net assets for the years ended June 30, 2020 and 2019, are as follows:

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 4,481,075	$ 6,256,797	$ 10,737,872	$ 4,459,603	$ 6,438,505	$ 10,898,108
Contributions	280,490	127,355	407,845	10,908	103,261	114,169
Net appreciation (realized and unrealized) on investment	255,941	153,474	409,415	191,971	105,438	297,409
Change in cash surrender value of life insurance	-	(736)	(736)	-	976	976
Amounts appropriated for expenditures	(393,809)	(184,410)	(578,219)	(386,049)	(186,741)	(572,790)
Transfer of net assets released from restrictions	212,305	(212,305)	-	204,642	(204,642)	-
Endowment net assets, end of year	$ 4,836,002	$ 6,140,175	$ 10,976,177	$ 4,481,075	$ 6,256,797	$ 10,737,872

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, 2020 and 2019.

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 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 4-year average market value of fund) distribution policy which will be phased in over the next five years, beginning in fiscal year 2021.

Note 13. 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, employer contributions to which 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 $134,065 and $163,098 for fiscal years 2020 and 2019, 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.

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 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
		2020	2019		2020	2019		
FERIP	36-2167034	N/A*	N/A*	N/A	$595,660	$589,762	-	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. FERIP's actuarial valuation for the years ended December 31, 2019 and 2018, indicate the plan was approximately 61% funded.

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 qualify for the plan with no changes.

Note 14. 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 2020 and 2019 included $3,028,372 and $3,357,810 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,	
2021	$ 5,380,783
2022	5,527,523
2023	5,075,075
2024	5,202,184
2025	5,263,058
Thereafter	25,942,136
	$ 52,390,759

Total rentals for premises amounted to $5,489,644 and $5,391,492 in fiscal years 2020 and 2019, respectively. Rentals related to leases with JFMC Facilities Corporation were $4,980,738 and $5,046,815 in fiscal years 2020 and 2019, respectively. Additionally, JCC Chicago rents vehicles for camp transportation. In fiscal years 2020 and 2019, these rentals totaled $56,446 and $50,382, 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, effective with the year ended June 30, 2019. The fiscal year 2019 consolidated statement of activities reflects a reduction in net assets without restrictions of $2,583,879, consisting of the first installment paid plus the net present value of the remaining annual installments based on a 4% discount rate. Facilities Corporation deferred the annual installment originally due for the year ended June 30, 2021 until 2035.

Note 14. Commitments and Contingencies (Continued)

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

Year ending June 30,	
2021	$ -
2022	213,150
2023	213,150
2024	213,150
2025	213,150
Thereafter	2,131,490
	2,984,090
Discount to present value	(819,163)
	$ 2,164,927

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 Bernard Weinger JCC occupancy costs. The prepayment will reduce occupancy payments over the next 27 years.

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.

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 $131,584 and $127,648 as of June 30, 2020 and 2019, respectively, and is included in accrued expenses on the consolidated statements of financial position.

Note 15. Related Party Transactions

Board members of JCC Chicago provided $387,309 and $311,559 of contributions in fiscal years 2020 and 2019, respectively.

Note 16. Subsequent Events

In addition to Paycheck Protection Program subsequent events (Note 8), in September 2020, a donor granted JCC Chicago permission to liquidate a $2,000,000 endowment fund. Per the terms of the agreement, JCC Chicago will treat the funds as an interest-free loan. JCC Chicago is required to replenish the endowment fund in the amount of $200,000 per year, over the course of 10 years beginning in fiscal year 2022.

Also in September 2020, JCC Chicago received proceeds of a $650,000 interest-free loan from the Foundation of Jewish Camp, Inc. The note is payable in quarterly installments of $32,500 commencing April 1, 2021. Final payment is due January 1, 2026.

Note 16. Subsequent Events (Continued)

JCC Chicago also received significant relief funds from State of Illinois Child Care Restoration Grants and other sources, as well as one-time gifts from individuals and family foundations, throughout fiscal year 2021. Collectively, these funds have provided significant support to both immediate operations and the overall fiscal health of JCC Chicago.