Jewish Community Centers of Chicago

Consolidated Financial Report
June 30, 2022

Contents

Independent Auditor's Report

Board of Directors
Jewish Community Centers of Chicago

Opinion
We have audited the consolidated financial statements of Jewish Community Centers of Chicago (JCC Chicago), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of JCC Chicago as of June 30, 2022 and 2021, 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.

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

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

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of JCC Chicago's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about JCC Chicago's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

RSM US LLP

Chicago, Illinois
January 26, 2023

Jewish Community Centers of Chicago

Consolidated Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	**$ 13,022,573**	$ 8,725,030
Restricted cash	**819,203**	710,853
Accounts receivable, net	**620,486**	797,687
Current portion of pledges receivable, net	**1,593,098**	1,384,018
Due from affiliated organizations	**366,489**	470,393
Prepaid expenses	**679,311**	780,720
Short-term investments	**1,000**	1,000
Total current assets	**17,102,160**	12,869,701
Noncurrent assets:		
Cash surrender value of life insurance policies	**182,371**	229,887
Pledges receivable, net	**999,085**	1,717,025
Prepaid rent	**1,060,031**	1,147,377
Investments	**5,622,507**	6,089,210
Endowment Foundation investments	**6,772,445**	7,072,546
Property and equipment, net	**9,565,290**	10,061,886
Replacement reserves	**99,899**	99,759
Total noncurrent assets	**24,301,628**	26,417,690
Total assets	**$ 41,403,788**	$ 39,287,391

(Continued)

Jewish Community Centers of Chicago

Consolidated Statements of Financial Position (Continued)
June 30, 2022 and 2021

	2022	2021
Liabilities and Net Assets		
Current liabilities:		
Current portion of bond and notes payable	**$ 197,500**	$ 267,500
Current portion of due to JFMC Facilities Corporation	**213,150**	213,150
Current portion of other obligations	**45,416**	24,591
Due to affiliated organizations	**125,000**	25,000
Accounts payable	**1,516,947**	1,429,307
Accrued expenses	**1,783,960**	1,199,981
Deferred revenue	**14,928,446**	11,422,168
Other liabilities	**100,042**	396,929
Total current liabilities	**18,910,461**	14,978,626
Accrued expenses	**128,617**	127,388
Other obligations	**187,254**	-
Paycheck Protection Program loan payable	**-**	2,000,000
Bond and note payable	**1,997,500**	2,357,500
Due to JFMC Facilities Corporation	**1,915,285**	2,038,374
Total liabilities	**23,139,117**	21,501,888
Net assets:		
Without donor restrictions:		
Accumulated operating deficit	**(1,453,503)**	(3,064,573)
Board-designated for special purposes	**3,287,109**	3,625,487
Board-designated endowment	**26,870**	29,617
Investment in JCC Endowment Foundation	**5,294,388**	6,049,980
Total without donor restrictions	**7,154,864**	6,640,511
With donor restrictions:		
Specific purpose funds	**4,513,083**	4,629,792
Undistributed income of donor-restricted endowment funds	**728,215**	1,020,920
Endowment funds	**4,339,416**	4,356,949
Investment in JCC Endowment Foundation	**1,529,093**	1,137,331
Total with donor restrictions	**11,109,807**	11,144,992
Total net assets	**18,264,671**	17,785,503
Total liabilities and net assets	**$ 41,403,788**	$ 39,287,391

See notes to consolidated financial statements.

Jewish Community Centers of Chicago

Consolidated Statements of Activities
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and gains:						
Direct public support:						
Contributions	**$ 3,393,769**	**$ 1,561,228**	**$ 4,954,997**	$ 5,627,765	$ 1,900,580	$ 7,528,345
Special events:						
Gross event revenues	**11,736**	**-**	**11,736**	31,673	-	31,673
Less direct expenses	**(31,943)**	**-**	**(31,943)**	(948)	-	(948)
Net special events	**(20,207)**	**-**	**(20,207)**	30,725	-	30,725
Total direct public support	**3,373,562**	**1,561,228**	**4,934,790**	5,658,490	1,900,580	7,559,070
Indirect public support:						
Support from Jewish Federation of Metropolitan Chicago:						
Allocations	**6,606,181**	**-**	**6,606,181**	6,606,184	-	6,606,184
Other	**1,284,315**	**473,010**	**1,757,325**	3,063,661	314,850	3,378,511
Total indirect public support	**7,890,496**	**473,010**	**8,363,506**	9,669,845	314,850	9,984,695
Program service revenue:						
Fees and grants from government agencies	**50,000**	**-**	**50,000**	-	3,500	3,500
Revenue directly related to program services:						
Program service fees	**25,334,502**	**-**	**25,334,502**	13,693,257	-	13,693,257
Membership dues—individuals	**354,593**	**-**	**354,593**	326,113	-	326,113
Inventory sales	**141,941**	**-**	**141,941**	134,687	-	134,687
Cost of inventory sold	**(88,697)**	**-**	**(88,697)**	(22,010)	-	(22,010)
Total program service revenue	**25,792,339**	**-**	**25,792,339**	14,132,047	3,500	14,135,547
Other revenue:						
Investment loss, net	**(6,142)**	**(6,612)**	**(12,754)**	(12,566)	(10,183)	(22,749)
Net (losses) gains on investments	**(864,583)**	**(245,360)**	**(1,109,943)**	2,468,851	713,187	3,182,038
Gain on forgiveness of Paycheck Protection Program loan	**2,000,000**	**-**	**2,000,000**	3,259,565	-	3,259,565
(Decrease) increase in cash surrender value of life insurance policies	**-**	**(47,516)**	**(47,516)**	-	49,738	49,738
Revenue from other sources	**638,861**	**-**	**638,861**	385,934	-	385,934
Net assets released from restrictions	**1,769,935**	**(1,769,935)**	**-**	1,609,004	(1,609,004)	-
Total other revenue	**3,538,071**	**(2,069,423)**	**1,468,648**	7,710,788	(856,262)	6,854,526
Total support, revenue and gains	**40,594,468**	**(35,185)**	**40,559,283**	37,171,170	1,362,668	38,533,838

(Continued)

Jewish Community Centers of Chicago

Consolidated Statements of Activities (Continued)
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:						
Program services:						
Early childhood education	$ 12,263,101	$ -	$ 12,263,101	$ 11,083,173	$ -	$ 11,083,173
Day camping	7,893,897	-	7,893,897	4,962,880	-	4,962,880
Overnight camping	3,737,732	-	3,737,732	1,953,677	-	1,953,677
Community engagement	2,120,434	-	2,120,434	2,597,083	-	2,597,083
J at School	3,038,569	-	3,038,569	1,663,515	-	1,663,515
At risk individuals and families	2,212,138	-	2,212,138	2,327,304	-	2,327,304
Perlstein Retreat Center	885,910	-	885,910	656,763	-	656,763
Total program service expenses	32,151,781	-	32,151,781	25,244,395	-	25,244,395
Supporting services:						
Management and general	7,136,430	-	7,136,430	6,707,261	-	6,707,261
Fundraising	791,904	-	791,904	686,381	-	686,381
Total supporting service expenses	7,928,334	-	7,928,334	7,393,642	-	7,393,642
Total expenses	40,080,115	-	40,080,115	32,638,037	-	32,638,037
Change in net assets	514,353	(35,185)	479,168	4,533,133	1,362,668	5,895,801
Net assets, beginning of year	6,640,511	11,144,992	17,785,503	2,107,378	9,782,324	11,889,702
Net assets, end of year	$ 7,154,864	$ 11,109,807	$ 18,264,671	$ 6,640,511	$ 11,144,992	$ 17,785,503

See notes to consolidated financial statements.

Jewish Community Centers of Chicago

Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services								Supporting Services		
	Early Childhood Education	Day Camping	Overnight Camping	Community Engagement	J at School	At Risk Individuals and Families	Perlstein Retreat Center	Total	Management and General	Fundraising	Grand Total
Assistance to at risk individuals and families	$ -	$ -	$ -	$ -	$ -	$ 548,932	$ -	$ 548,932	$ -	$ -	$ 548,932
Salaries and wages	5,911,300	2,882,837	1,111,557	565,341	2,137,366	671,492	343,235	13,623,128	3,689,597	307,562	17,620,287
Pension plan expenses	138,974	50,920	46,031	32,197	117,295	35,084	36,825	457,326	216,319	14,382	688,027
Fringe benefits	513,414	71,521	90,415	43,677	115,554	90,747	32,777	958,105	534,169	46,822	1,539,096
Payroll taxes	599,538	257,111	91,272	59,815	209,676	68,783	29,634	1,315,829	226,215	31,552	1,573,596
Professional and contract services	432,425	349,787	316,690	83,330	58,113	56,095	42,219	1,338,659	845,373	81,199	2,265,231
Marketing	126,258	112,595	99,946	35,258	6,541	4,629	3,337	388,564	21,231	16,187	425,982
Office expenses	7,921	10,621	12,534	2,580	909	12,234	70	46,869	144,401	32,417	223,687
Information technology	124,055	91,178	31,263	23,768	75,416	75,709	16,151	437,540	397,843	6,993	842,376
Occupancy	2,825,477	1,733,963	501,877	722,797	65,709	451,062	239,042	6,539,927	591,380	65,709	7,197,016
Staff transportation	3,877	6,800	7,702	18,665	1,368	708	625	39,745	5,993	682	46,420
Conferences and meetings	38,474	24,962	9,693	1,929	15,709	3,957	1,243	95,967	29,007	3,733	128,707
Financing expenses	15,901	9,245	2,589	4,068	370	-	1,110	33,283	5,942	370	39,595
National association dues	1,300	-	-	-	-	-	-	1,300	54,000	-	55,300
Depreciation and amortization	437,736	247,907	160,971	173,564	12,609	2,750	49,705	1,085,242	179,861	9,763	1,274,866
Insurance	104,684	61,116	36,564	15,384	31,152	29,472	4,308	282,680	113,446	6,480	402,606
Program food and supplies	644,304	740,256	678,075	212,944	19,944	116,918	51,683	2,464,124	13,424	153	2,477,701
Contractual labor	19,932	333,507	119,715	72,312	15,941	24,051	-	585,458	(184)	-	585,274
Trips and outside facility fees	144	14,603	11,730	300	-	-	250	27,027	-	-	27,027
Transportation	-	449,212	134,735	-	-	-	10,360	594,307	-	-	594,307
Staff expenses	42,324	68,697	13,666	3,493	9,472	435	450	138,537	8,501	13,839	160,877
Security	104,736	104,078	40,508	3,689	5,472	3,871	1,196	263,550	17,498	12,134	293,182
Employee recruiting	43,771	39,108	11,494	10,590	23,511	2,649	3,232	134,355	76,373	8,117	218,845
Equipment and vehicles	25,628	68,774	29,590	7,898	278	2,063	11,628	145,859	3,833	112	149,804
Licenses and dues	1,423	10,464	10,180	60	-	750	-	22,877	17,092	-	39,969
Banking and merchant services fees	43,527	117,260	151,475	11,223	13,773	9,747	2,998	350,003	99,096	55,943	505,042
Bad debt expense	-	5,168	4,986	-	99,237	-	-	109,391	-	(29,752)	79,639
Sales taxes	-	-	756	-	-	-	-	756	296	-	1,052
Life insurance policy premiums	-	-	-	-	-	-	-	-	2,000	-	2,000
Other operating expenses	55,978	32,207	11,718	15,552	3,154	-	3,832	122,441	(156,276)	107,507	73,672
	$ 12,263,101	$ 7,893,897	$ 3,737,732	$ 2,120,434	$ 3,038,569	$ 2,212,138	$ 885,910	$ 32,151,781	$ 7,136,430	$ 791,904	$ 40,080,115

See notes to consolidated financial statements.

Jewish Community Centers of Chicago

Consolidated Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services								Supporting Services		
	Early Childhood Education	Day Camping	Overnight Camping	Community Engagement	J at School	At Risk Individuals and Families	Perlstein Retreat Center	Total	Management and General	Fundraising	Grand Total
Assistance to at risk individuals and families	$ -	$ -	$ -	$ -	$ -	$ 748,125	$ -	$ 748,125	$ -	$ -	$ 748,125
Salaries and wages	4,986,792	1,855,982	678,540	434,672	1,082,668	635,385	230,809	9,904,848	3,160,317	223,485	13,288,650
Pension plan expenses	171,446	45,400	44,748	41,080	108,805	29,096	44,748	485,323	188,853	25,186	699,362
Fringe benefits	489,772	94,201	91,770	59,323	(25,677)	99,610	20,900	829,899	557,809	34,348	1,422,056
Payroll taxes	503,742	154,124	59,617	46,041	112,038	65,248	24,794	965,604	299,293	22,505	1,287,402
Professional and contract services	461,543	287,883	145,981	203,205	70,534	49,106	33,613	1,251,865	488,372	15,418	1,755,655
Marketing	107,956	109,853	95,062	21,135	4,003	6,219	131	344,359	18,009	52,959	415,327
Office expenses	7,437	7,611	4,537	4,250	872	9,522	375	34,604	114,087	13,056	161,747
Information technology	134,236	19,282	14,780	32,146	63,353	103,755	13,026	380,578	623,892	7,974	1,012,444
Occupancy	2,873,476	1,502,044	326,531	979,593	130,613	413,556	195,919	6,421,732	457,144	65,306	6,944,182
Staff transportation	1,228	4,134	2,975	6,347	406	494	45	15,629	3,001	171	18,801
Conferences and meetings	24,412	11,220	5,130	499	2,332	1,200	125	44,918	6,746	507	52,171
Financing expenses	17,252	9,018	1,960	9,782	784	-	1,176	39,972	69,892	392	110,256
National association dues	-	-	-	-	-	-	-	-	1,575	-	1,575
Depreciation and amortization	441,106	220,662	162,674	259,236	25,631	2,750	51,781	1,163,840	155,129	9,287	1,328,256
Insurance	125,156	37,481	13,565	30,553	61,794	28,411	7,507	304,467	152,451	5,005	461,923
Program food and supplies	554,823	266,169	210,451	147,025	1,048	108,115	24,724	1,312,355	(11,323)	284	1,301,316
Contractual labor	6,722	100,402	26,480	264,111	3,324	22,831	(1,400)	422,470	448	-	422,918
Trips and outside facility fees	116	15,501	1,916	7,416	-	-	-	24,949	-	-	24,949
Transportation	-	46,413	20,980	2,468	-	-	-	69,861	-	-	69,861
Staff expenses	12,126	20,635	1,697	173	235	3,524	1	38,391	22,226	11,258	71,875
Security	34,219	21,102	8,779	2,718	4,899	13,336	281	85,334	38,072	69,157	192,563
Employee recruiting	26,540	36,639	7,113	1,544	7,001	377	631	79,845	19,847	836	100,528
Equipment and vehicles	22,433	37,783	11,508	5,696	615	515	976	79,526	8,099	248	87,873
Licenses and dues	1,862	12,323	4,983	5,707	5	275	1,402	26,557	3,886	2	30,445
Banking and merchant services fees	14,779	7,725	1,841	11,295	672	-	1,008	37,320	296,838	2,174	336,332
Bad debt expense	2,327	755	(81)	-	1,667	-	-	4,668	-	62,010	66,678
Sales taxes	37	-	213	-	-	-	-	250	817	-	1,067
Life insurance policy premiums	-	-	-	-	-	-	-	-	2,000	-	2,000
Other operating expenses	61,635	38,538	9,927	21,068	5,893	(14,146)	4,191	127,106	29,781	64,813	221,700
	$ 11,083,173	$ 4,962,880	$ 1,953,677	$ 2,597,083	$ 1,663,515	$ 2,327,304	$ 656,763	$ 25,244,395	$ 6,707,261	$ 686,381	$ 32,638,037

See notes to consolidated financial statements.

Jewish Community Centers of Chicago

Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021

		2022		2021
Cash flows from operating activities:				
Change in net assets	**$**	**479,168**	$	5,895,801
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization		**1,274,866**		1,328,256
(Gain) loss on disposal of property and equipment		**(160,282)**		35,608
Decrease (increase) in cash surrender value of life insurance policies		**47,516**		(49,738)
Losses (gains) on investments		**497,718**		(1,553,838)
Losses (gains) on Endowment Foundation investments		**616,106**		(1,402,764)
Net unrealized loss (gain) on replacement reserve funds (other assets)		**8,872**		(21,631)
Contributions intended to be held in perpetuity		**-**		(5,000)
Forgiveness of Paycheck Protection Program loan		**(2,000,000)**		(3,259,565)
Changes in:				
Accounts receivable		**177,201**		(279,508)
Pledges receivable		**508,860**		(1,548,742)
Replacement reserves		**(9,012)**		15,251
Due from affiliated organizations		**103,904**		378,811
Prepaid expenses and prepaid rent		**188,755**		(123,910)
Due to affiliated organizations		**100,000**		25,000
Accounts payable, accrued expenses and other liabilities		**375,961**		(4,818,873)
Deferred revenue		**3,506,278**		7,659,090
Due to JFMC Facilities Corporation		**90,061**		86,597
Net cash provided by operating activities		**5,805,972**		2,360,845
Cash flows from investing activities:				
Purchases of property and equipment		**(664,241)**		(2,064,423)
Proceeds from sales of property and equipment		**290,000**		-
Proceeds from sales of investments		**168,985**		4,585,000
Purchase of investments		**(200,000)**		-
Purchases of Endowment Foundation investments		**(662,035)**		(42,028)
Proceeds from sales of Endowment Foundation investments		**346,030**		355,863
Net cash (used in) provided by investing activities		**(721,261)**		2,834,412
Cash flows from financing activities:				
Contributions intended to be held in perpetuity		**-**		5,000
Proceeds from Paycheck Protection Payable loan		**-**		2,000,000
Proceeds from note payable		**-**		585,000
Repayment of bond and note payable		**(430,000)**		(165,000)
Repayment of JFMC Facilities Corporation debt		**(213,150)**		-
Repayment of other obligations		**(35,668)**		(179,437)
Net cash (used in) provided by financing activities		**(678,818)**		2,245,563
Increase in cash, cash equivalents, and restricted cash		**4,405,893**		7,440,820
Cash, cash equivalents, and restricted cash:				
Beginning of year		**9,435,883**		1,995,063
End of year	**$**	**13,841,776**	$	9,435,883
Cash, cash equivalents, and restricted cash:				
Cash and cash equivalents	**$**	**13,022,573**	$	8,725,030
Restricted cash		**819,203**		710,853
Total cash, cash equivalents, and restricted cash	**$**	**13,841,776**	$	9,435,883
Supplemental disclosures of cash flows information:				
Cash payments for interest	**$**	**36,311**	$	103,760
Non-cash investing and financing activities				
Capital lease equipment	**$**	**243,747**	$	-

See notes to consolidated financial statements.

Note 1. Organization

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

JCC provides essential programs and services, including:

Early Childhood Education: JCC Chicago operates seven early childhood centers throughout metropolitan Chicago, providing childcare and an excellent educational foundation for nearly 700 children ages six weeks to five years. The Early Childhood program is licensed by DCFS (Illinois Department of Children and Family Services), ensuring the highest level of quality, accountability and care. JCC Chicago's full-time social services team provides early intervention, referrals and on-site support for child and family, enabling JCC Chicago to best meet the needs of every student and family. Need-based scholarships are available to support families and individuals who would otherwise not be able to afford childcare and preschool programming.

Day and Overnight Camp: JCC Chicago operates nine Apachi Day Camp locations throughout Chicagoland, serving nearly 4,000 children from ages 3 through 13 years old. Camp Chi is JCC Chicago's residential camp and spans nearly 600 acres in Lake Delton, Wisconsin. More than 1,500 campers, ages 9 to 16, attend up to eight weeks of overnight camp programming each summer (except in summer 2020). Day and overnight camps provide endless opportunities for campers to explore new interests, gain skills, and realize increased confidence and self-esteem. Campers also explore their Jewish heritage through Shabbat celebrations and Israeli education programs. JCC Chicago has long valued inclusion and welcomes children, teens and young adults with varying and multiple developmental disabilities in a fully integrated program model. JCC Chicago's need-based scholarship initiative is available to families with qualified financial need.

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 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.

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 certain Chicago Public Schools (CPS). 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. J at School will be discontinued in fiscal year 2023. Revenues and expenses were approximately $3,060,000 and $3,040,000 for fiscal year 2022, and $1,090,000 and $1,660,000 for fiscal year 2021, respectively.

Note 1. Organization (Continued)

At Risk Individuals and Families: JCC Chicago manages administration of the Dina and Eli Field EZRA Multi-Service Center (MSC) and JUF Uptown Café, programs of the Jewish Federation, which provide emergency services to homeless and disadvantaged individuals and families. EZRA is fully funded by the Jewish Federation to provide services including 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, bringing dignity and hope to people in need.

Social Services: JCC Chicago's Social Services Department provides support for every program area with a focus on early childhood, camp and teens. The six-person team provides observation, support plans, referrals and special programs with a focus on youth/human development and mental health.

Perlstein Retreat Center: JCC Chicago offers additional programs and services through the Perlstein Retreat Center. The Perlstein Retreat Center located in Lake Delton, Wisconsin, adjacent to JCC Camp Chi, is a premier destination for families, groups, businesses and individuals throughout the Midwest, providing programming, accommodations and meaningful events for guests. The retreat centers also hosts JCC programming including winter camp, young family weekends, camp reunions and more.

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

Note 2. Significant Accounting Policies

Significant accounting policies are as follows:

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

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

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

Note 2. Significant Accounting Policies (Continued)

Net assets with donor restrictions are 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, 2022 and 2021, cash equivalents are comprised entirely of money market funds. Cash and cash equivalents at times may exceed federally insured limits; however, JCC Chicago has not experienced any losses in such accounts. JCC believes it is not exposed to any significant credit risk on cash and cash equivalents.

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

Accounts receivable: Accounts receivable consists primarily of program service fees, accrued interest and other miscellaneous items and are reported at net realizable value, which is the amount management expects to collect from balances outstanding at year-end. An allowance for uncollectible amounts is estimated from historical experience and projection of trends. Amounts deemed uncollectible are charged to and recorded as bad debt expense on the consolidated statements of functional expenses. Allowances for uncollectible amounts were $52,263 and $106,679 at June 30, 2022 and 2021, 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 and the Endowment Foundation investments are primarily invested in the JFMC Pooled Endowment Portfolio, LLC (PEP), which is maintained by the Jewish Federation. The investment in the PEP is recorded at fair value. Investment transactions are recorded on a trade-date basis. Realized gains and losses on investment transactions, and change in unrealized gain (loss) on investments, are reported on the consolidated statements of activities. Investment fees are netted against investment income.

Deferred revenue and prepaid expenses: Revenue from the advance receipt of fees and prepayment of expenses, primarily supplies relating to summer camps and summer and fall programs at JCC Chicago's community centers and camps, has been deferred as of year-end.

Note 2. Significant Accounting Policies (Continued)

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

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

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

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

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

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

Replacement reserves: Replacement reserves are made up of funds held by JFMC that have been set aside to cover potential costs associated with repairing and/or replacing building components at the Camp Chi and the Florence G. Heller JCC. The value of the Camp Chi replacement reserve was $58,480 and $63,631 at June 30, 2022 and 2021, respectively. The value of the Florence G. Heller JCC replacement reserve was $41,419 and $36,128 at June 30, 2022 and 2021, respectively.

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

Note 2. Significant Accounting Policies (Continued)

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

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

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

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

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

Resident camping revenue (as well as expenses) included in the statements of activities relate to camps taking place during summer months. However, some camp sessions span two fiscal years, beginning in June and ending in July or August; revenue is allocated for financial reporting purposes between fiscal years based on number of days. As a result, camp revenue included in financial statements for a particular fiscal year may include amounts from camps for two different summers, at beginning (July and August) and end (June) of that fiscal year.

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

Contributed nonfinancial assets: Donations of goods, property and equipment or service are reflected as contributed nonfinancial assets at their estimated fair values at the dates of receipt. There were no significant donated goods in fiscal years 2022 and 2021. A number of unpaid volunteers and members of JCC Chicago's Board of Directors have made significant contributions of their time to JCC Chicago's activities. The value of these services is not reflected in these consolidated financial statements since they do not meet the criteria for recognition under U.S. GAAP.

Note 2. Significant Accounting Policies (Continued)

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

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

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

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

Adopted accounting pronouncement: In 2022, JCC Chicago adopted Accounting Standards Update (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 adoption of the standard did not impact the consolidated financial statements..

Recent accounting pronouncement: 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. JCC Chicago's management expects the adoption of Topic 842 to significantly increase total assets and total liabilities on its consolidated statements of financial position.

Reclassifications: Certain 2021 amounts have been reclassified to conform to the current year presentation. These reclassifications have no effect on net assets or changes in net assets previously reported.

Note 2. Significant Accounting Policies (Continued)

COVID-19: During fiscal year 2021 COVID-19 pandemic caused JCC Chicago to experience disruptions to activities across JCC Chicago, resulting in a decrease in revenue and related labor and program expenses. Programs affected include but are not limited to Early Childhood, J at School, Overnight Camping (cancelled for summer 2020 but held in summer 2021) and Day Camping. During fiscal year 2022, program activities are gradually returning to their pre-pandemic levels.

Subsequent events: Management has evaluated subsequent events through January 26, 2023, 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, 2022 and 2021, the following financial assets are available to meet annual operating needs during the next 12 months:

	2022	2021
Financial assets available to meet general expenditures over the next 12 months:		
Cash and cash equivalents	$ 13,022,573	$ 8,725,030
Accounts receivable, net	620,486	797,687
Current portion of pledges receivable	1,593,098	1,384,018
Due from affiliated organizations	366,489	470,393
Expected distribution from the JCC Endowment Foundation	298,000	303,943
Total financial assets available to meet general expenditure obligations over the next 12 months	$ 15,900,646	$ 11,681,071

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

Note 4. Affiliated Agencies

Pursuant to its Principles of Affiliation, Jewish Federation substantially subsidizes the operations of JCC Chicago's General Operating Fund, not including any deficits which might be incurred by Camp Chi, which would be funded from other sources. The subsidy for the years ended June 30, 2022 and 2021, was $6,606,181 and $6,606,184, respectively. The Jewish Federation also provided $1,757,325 and $3,378,511 of other support during the years ended June 30, 2022 and 2021, 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 $366,489 and $470,393 at June 30, 2022 and 2021, respectively.

Amounts owed to JFMC Facilities Corporation include a debt liability recorded at its net present value of $2,128,435 and $2,251,524 at June 30, 2022 and 2021, respectively, in connection with the Bernard Weinger JCC (Note 13).

Note 4. Affiliated Agencies (Continued)

Amounts due to affiliated organizations represents contributions intended to fund capital projects being conducted by JFMC Facilities Corporation. Contributions received which are due to JFMC Facilities Corporation amount to $125,000 and $25,000, at June 30, 2022 and 2021, respectively.

Affiliated agencies provided approximately 21% and 26% of total support, revenue, and gains for fiscal years 2022 and 2021, respectively.

Note 5. Pledges Receivable

Pledges at June 30, 2022 and 2021, are expected to be collected as follows:

	2022	2021
Less than one year	$ 1,596,613	$ 1,434,018
One to five years	760,729	1,424,145
More than five years	422,785	452,590
	2,780,127	3,310,753
Less discount to net present value	(177,079)	(159,710)
Less allowance for uncollectable pledges	(10,865)	(50,000)
Net pledges receivable	2,592,183	3,101,043
Less current portion	(1,593,098)	(1,384,018)
Long-term portion	$ 999,085	$ 1,717,025

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

Note 6. Investments and Fair Value Measurements

Investments at June 30, 2022 and 2021, are as follows:

	2022	2021
State of Israel—Ministry of Defense—bond	$ 1,000	$ 1,000
JFMC Pooled Endowment Portfolio (PEP):		
Agency investments	5,622,507	6,089,210
Endowment Foundation	6,772,445	7,072,546
	$ 12,395,952	$ 13,162,756

Note 6. Investments and Fair Value Measurements (Continued)

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

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

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

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

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

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

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

Note 6. Investments and Fair Value Measurements (Continued)

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

Fair values of assets measured on a recurring basis at June 30, 2022, 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	-	-	-	5,622,507	5,622,507
Endowment Foundation	-	-	-	6,772,445	6,772,445
	-	1,000	-	12,394,952	12,395,952
Replacement reserve funds	-	-	-	99,899	99,899
Total assets	$ -	$ 1,000	$ -	$ 12,494,851	$ 12,495,851

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

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

(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 85.68% of the PEP as of June 30, 2022, and JCC Chicago and the Endowment Foundation, respectively, had 0.59% and 0.69% interest in the Jewish Federation's portion of the PEP for the same reporting period. As the manager, the Jewish Federation owned 84.06% of the PEP as of June 30, 2021, and JCC Chicago and the Endowment Foundation, respectively, had 0.55% and 0.64% interest in the Jewish Federation's portion of the PEP for the same reporting period.

Note 6. Investments and Fair Value Measurements (Continued)

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

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

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

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

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

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

Note 6. Investments and Fair Value Measurements (Continued)

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

Note 7. Property and Equipment

	2022	2021
Land	$ 394,407	$ 517,407
Buildings and building improvements	12,329,070	11,984,825
Infrastructure improvements	631,169	627,284
Land improvements	608,914	601,584
Leasehold improvements	10,321,339	10,359,160
Equipment and furniture	7,926,735	7,854,817
Vehicles	412,158	412,158
Computer equipment	2,740,992	2,690,544
Program equipment	1,406,199	1,318,639
Equipment under capital leases	1,065,303	821,556
Software	632,700	632,700
Other	208,736	208,736
Construction in progress	127,946	63,372
	38,805,668	38,092,782
Less accumulated depreciation and amortization	29,240,378	28,030,896
	$ 9,565,290	$ 10,061,886

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

Depreciation and amortization expense was $1,274,866 and $1,328,256, for the years ended June 30, 2022 and 2021, respectively.

Note 8. Paycheck Protection Program

On March 30, 2021, JCC Chicago received a second PPP loan from the Small Business Administration (SBA) for $2,000,000. JCC Chicago can use the loan for payroll, interest and utility expenses incurred during the period following receipt of the proceeds. The covered period for the loan forgiveness is 24 weeks. The loan is eligible for forgiveness if certain employee and compensation levels are maintained. The PPP loan is reflected as a liability on the statements of financial position at June 30, 2021. On May 2, 2022, the SBA forgave the loan in full. The loan is considered to be extinguished and has been recognized as a gain on the statements of activities for the year ended June 30, 2022.

JCC Chicago's first PPP loan of $3,529,565 was forgiven on June 15, 2021, and has been recognized as a gain on the statements of activities for the year ended June 30, 2021.

Note 9. Bond and Note Payable

	2022	2021
Bond payable to Colorado Educational and Cultural Facilities Authority, payable in annual $65,000 installments with interest payable monthly at a variable rate (0.79% at June 30, 2021). Repaid in full on June 1, 2022.	$ -	$ 200,000
Note payable to First Midwest Bank, payable in five equal annual installments of $100,000 plus monthly interest payments at SOFR plus 135 basis points (3.04% at June 30, 2022) and a balloon payment of $1,540,000 due August 31, 2024. Collateralized by JCC Chicago assets.	1,740,000	1,840,000
Interest-free note payable to Foundation for Jewish Camp, Inc. payable in quarterly installments of $32,500 through January 1, 2026.	455,000	585,000
	2,195,000	2,625,000
Less current portion	197,500	267,500
Long-term portion	$ 1,997,500	$ 2,357,500

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

Interest expense on the bond and the First Midwest note payable was $33,698 and $39,210 in fiscal years 2022 and 2021, respectively.

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

Years ending June 30:	
2023	$ 197,500
2024	230,000
2025	1,670,000
2026	97,500
	$ 2,195,000

JCC Chicago has a $5,000,000 line of credit that is scheduled to mature on April 2, 2023, at which date JCC Chicago seeks a renewal. The line bears interest at the 1 Month Term SOFR (Secured Overnight Financing Rate) published by CME Group Benchmarks Administration Limited, plus 1.10%. The line is collateralized by JCC Chicago's business assets and guaranteed by JUF. No amounts were borrowed against the line during fiscal year 2022. Interest expense on the line of credit was $53,431 in fiscal year 2021.

Note 10. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021, are restricted as follows:

	2022	2021
Specific purpose funds:		
"Z" Frank Camp Apachi Supporting Foundation	$ 664,892	$ 632,307
Bachrach Sukkah Garden	14,678	16,161
Children and Family Services	212,500	65,000
Davis Theater	234,739	258,458
Day Camping	416,600	166,490
Early Childhood Services	428,010	650,000
Project Ezra	538,948	252,698
Garoon Science Park at Elaine Frank Apachi Camp	1,009,629	972,812
J at School Program	-	36,000
Jewish Film Festival	119,723	164,800
Life insurance policies	137,698	175,381
Resident Camping	502,100	987,220
Software systems	74,000	152,465
Scholarship support other	131,237	100,000
Camp Chi Outpost Village	28,329	-
	4,513,083	4,629,792
Undistributed income of donor-restricted endowment funds:		
Mayer Kaplan Library	19,432	28,872
Scholarship support	708,006	991,091
Senior programming	777	957
	728,215	1,020,920
Donor-restricted endowment funds:		
Bachrach Sukkah Garden	680	680
Jewish education	2,000,000	2,000,000
Life insurance	44,673	54,506
Mayer Kaplan Library	74,000	74,000
Scholarship support	2,219,063	2,226,763
Senior programming	1,000	1,000
	4,339,416	4,356,949
Endowment Foundation:		
City North Kehilla	221,385	354,980
Scholarships	111,827	140,688
Weinger JCC	940,845	410,663
Camp Chi	130,036	100,000
Time restricted	-	6,000
Joanne Pekin Fund	50,000	50,000
Noel and Doris Kaplan Fund	50,000	50,000
Z Frank Apachi Day Camp	20,000	20,000
Penny bank	5,000	5,000
	1,529,093	1,137,331
	$ 11,109,807	$ 11,144,992

Note 10. Net Assets with Donor Restrictions (Continued)

In September 2020, a donor gave permission to JCC Chicago to borrow from its $2,000,000 donor-restricted endowment fund for Jewish Education with a requirement for JCC Chicago to repay principal over a 10-year period in $200,000 annual installments beginning in fiscal year 2022. As of June 30, 2022, JCC Chicago's General Operating Fund owes $1,800,000 to the Jewish Education donor-restricted endowment fund. Because the non-interest borrowing is between funds, the amount due and related activity do not appear in balances as presented in these financial statements.

Note 11. Endowment Funds

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

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

The operating expenses of the Endowment Foundation for fiscal year 2022 and 2021 were $42,086 and $44,340, respectively.

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

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

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

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

Note 11. Endowment Funds (Continued)

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

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

Endowment net asset composition by type of fund as of June 30, 2022 and 2021, are as follows:

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 5,321,258	$ -	$ 5,321,258	$ 6,079,597	$ -	$ 6,079,597
Donor-restricted endowment funds	-	6,596,724	6,596,724	-	6,515,200	6,515,200
Total endowment funds	$ 5,321,258	$ 6,596,724	$ 11,917,982	$ 6,079,597	$ 6,515,200	$ 12,594,797

Changes in endowment net assets for the years ended June 30, 2022 and 2021, are as follows:

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 6,079,597	$ 6,515,200	$ 12,594,797	$ 4,836,002	$ 6,140,175	$ 10,976,177
Contributions	15,019	581,555	596,574	7,561	112,753	120,314
Net (depreciation) appreciation (realized and unrealized) on investment	(614,250)	(233,370)	(847,620)	1,402,774	650,165	2,052,939
Change in cash surrender value of life insurance	-	(9,833)	(9,833)	-	15,268	15,268
Amounts appropriated for expenditures	(346,736)	(69,200)	(415,936)	(357,248)	(212,653)	(569,901)
Transfer of net assets released from restrictions	187,628	(187,628)	-	190,508	(190,508)	-
Endowment net assets, end of year	$ 5,321,258	$ 6,596,724	$ 11,917,982	$ 6,079,597	$ 6,515,200	$ 12,594,797

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. JCC Chicago has interpreted UPMIFA to permit spending from funds with deficiencies in accordance with prudent measures required under law. Deficiencies of this nature are reported in net assets with donor restrictions. A certain fund with an original gift value totaling $5,000 had a deficiency of $586 at June 30, 2022. There were no deficiencies of this nature as of June 30, 2021.

Donor-restricted endowment funds reflected above include one fund with an amount of $1,800,000 and $2,000,000 due from JCC Chicago's General Operating Fund at June 30, 2022 and 2021, respectively. This donor-approved interfund borrowing occurred in fiscal year 2021 and is required to be repaid by the General Operating Fund in 10 annual installments of $200,000 beginning in fiscal year 2022 (Note 10).

Note 11. Endowment Funds (Continued)

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

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

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

Note 12. Retirement Plan

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

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

Annual contributions by JCC Chicago are determined as a percentage of payrolls and are made at the direction of the Jewish Federation's Board of Directors based on recommendations from its Administration Committee. JCC Chicago's contributions for FERST were $80,422 and $97,745 for fiscal years 2022 and 2021, respectively.

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

Note 12. Retirement Plan (Continued)

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

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending Implemented	Contributions by the Agency		Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
		2022	2021		2022	2021		
FERIP	36-2167034	N/A*	N/A*	N/A	$607,606	$601,617	-	N/A

*Plan information for FERIP is not publicly available. FERIP provides fixed, monthly retirement payments on the basis of the credits earned by the participating employees. To the extent that the plan is underfunded, the future contributions to the plan may increase and may be used to fund retirement benefits for employees related to other employers who have ceased operations. JCC Chicago could be assessed a withdrawal liability in the event that it decides to cease participating in the plan. The plan's actuarial valuation indicates that the plan was 66% and 64% funded as of June 30, 2022 and 2021, respectively.

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

Note 13. Commitments and Contingencies

JCC Elaine Frank Apachi Day Camp: The JCC Elaine Frank Apachi Day Camp operates as a day camp and an early childhood services facility, since 2008. The property is leased from JFMC Facilities Corporation. The base rent includes the principal, interest and expenses of the landlord related to a borrowing of $20,970,000 for the acquisition of land and construction of facilities on this site. The lease provides for minimum annual rental payments which include the lessor's debt service and operating costs as base rent through 2038. JCC Chicago receives distributions from both a Jewish Federation project endowment fund relative to this property (included in support from Jewish Federation on consolidated statement of activities) 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 2022 and 2021 included $3,247,680 and $3,298,405 of operating costs, respectively. Rental charges based on the lessor's operating costs for the respective centers are expected to be similar for subsequent years and have been reflected in the future minimum annual rents at this estimated amount.

Note 13. Commitments and Contingencies (Continued)

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

Years ending June 30:	
2023	$ 5,480,947
2024	5,263,865
2025	5,239,521
2026	5,280,058
2027	5,392,302
Thereafter	22,428,234
	$ 49,084,927

Total rentals for premises amounted to $5,680,963 and $5,415,933 in fiscal years 2022 and 2021, respectively. Rentals related to leases with JFMC Facilities Corporation were $5,057,852 and $5,114,877 in fiscal years 2022 and 2021, respectively. Additionally, JCC Chicago rents vehicles for camp transportation. In fiscal years 2022 and 2021, these rentals totaled $104,447 and $64,781, respectively, and are included in equipment and vehicles expense on the consolidated statements of functional expenses. Rental charges based on the lessor's operating costs for the Community Centers are expected to be similar for subsequent years and have been reflected in the future minimum annual rents at this estimated amount.

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

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

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

Years ending June 30:	
2023	$ 213,150
2024	213,150
2025	213,150
2026	213,150
2027	213,150
Thereafter	1,705,190
	2,770,940
Discount to present value	(642,505)
	$ 2,128,435

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

Note 13. Commitments and Contingencies (Continued)

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

Other commitments: JCC Chicago has a liability with respect to former General Directors for retiree health insurance through their dates of death. The balance of this liability was $128,617 and $127,388 as of June 30, 2022 and 2021, respectively, and is included in accrued expenses on the consolidated statements of financial position.

Note 14. Related Party Transactions

Board members of JCC Chicago provided $1,251,675 and $375,853 of contributions in fiscal years 2022 and 2021, respectively.