Jewish Community Centers of Chicago

Consolidated Financial Report
June 30, 2023

Contents

RSM US LLP

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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter
As discussed in Note 2 to the financial statements, JCC Chicago adopted Accounting Standards Update 2016-02, *Leases* (*Topic 842*), effective July 1, 2022. Our opinion is not modified in respect to this matter.

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 31, 2024

Jewish Community Centers of Chicago

Consolidated Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	**$ 12,205,161**	$ 13,022,573
Restricted cash	**715,393**	819,203
Accounts receivable, net	**475,316**	620,486
Current portion of pledges receivable, net	**1,867,280**	1,593,098
Due from affiliated organizations	**38,039**	366,489
Prepaid expenses	**861,301**	679,311
Short-term investments	**1,001,000**	1,000
Total current assets	**17,163,490**	17,102,160
Noncurrent assets:		
Cash surrender value of life insurance policies	**218,293**	182,371
Pledges receivable, net	**1,604,722**	999,085
Prepaid expenses	**961,972**	1,060,031
Investments	**6,211,614**	5,622,507
Endowment Foundation investments	**7,030,585**	6,772,445
Finance lease right-of-use assets	**183,702**	-
Operating lease right-of-use assets	**16,354,894**	-
Property and equipment, net	**10,698,634**	9,565,290
Replacement reserves	**70,735**	99,899
Total noncurrent assets	**43,335,151**	24,301,628
Total assets	**$ 60,498,641**	$ 41,403,788

(Continued)

Jewish Community Centers of Chicago

Consolidated Statements of Financial Position (Continued)
June 30, 2023 and 2022

	2023	2022
Liabilities and Net Assets		
Current liabilities:		
Current portion of bond and notes payable	**$ 197,500**	$ 197,500
Current portion of due to JFMC Facilities Corporation	**213,150**	213,150
Due to affiliated organizations	**113,144**	125,000
Accounts payable	**1,456,584**	1,516,947
Accrued expenses	**2,448,406**	1,829,376
Deferred revenue	**16,034,723**	14,928,446
Other liabilities	**81,763**	100,042
Current portion of finance lease liability	**45,255**	-
Current portion of operating lease liability	**1,070,640**	-
Total current liabilities	**21,661,165**	18,910,461
Accrued expenses	**126,445**	315,871
Bond and note payable	**1,767,500**	1,997,500
Due to JFMC Facilities Corporation	**1,867,289**	1,915,285
Finance lease liability	**142,011**	-
Operating lease liability	**15,266,244**	-
Total liabilities	**40,830,654**	23,139,117
Net assets:		
Without donor restrictions:		
Accumulated operating deficit	**(2,716,808)**	(1,453,503)
Board-designated for special purposes	**4,175,296**	3,287,109
Board-designated endowment	**27,392**	26,870
Investment in JCC Endowment Foundation	**5,701,981**	5,294,388
Total without donor restrictions	**7,187,861**	7,154,864
With donor restrictions:		
Specific purpose funds	**5,922,182**	4,513,083
Undistributed income of donor-restricted endowment funds	**860,189**	728,215
Endowment funds	**4,344,090**	4,339,416
Investment in JCC Endowment Foundation	**1,353,665**	1,529,093
Total with donor restrictions	**12,480,126**	11,109,807
Total net assets	**19,667,987**	18,264,671
Total liabilities and net assets	**$ 60,498,641**	$ 41,403,788

See notes to consolidated financial statements.

Jewish Community Centers of Chicago

Consolidated Statements of Activities
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and gains:						
Direct public support:						
Contributions	**$ 3,671,008**	**$ 3,424,079**	**$ 7,095,087**	$ 3,393,769	$ 1,561,228	$ 4,954,997
Special events:						
Gross event revenues	**46,756**	**-**	**46,756**	11,736	-	11,736
Less direct expenses	**(42,860)**	**-**	**(42,860)**	(31,943)	-	(31,943)
Net special events	**3,896**	**-**	**3,896**	(20,207)	-	(20,207)
Total direct public support	**3,674,904**	**3,424,079**	**7,098,983**	3,373,562	1,561,228	4,934,790
Indirect public support:						
Support from Jewish Federation of Metropolitan Chicago:						
Allocations	**6,588,181**	**-**	**6,588,181**	6,606,181	-	6,606,181
Other	**1,083,570**	**110,500**	**1,194,070**	1,284,315	473,010	1,757,325
Total indirect public support	**7,671,751**	**110,500**	**7,782,251**	7,890,496	473,010	8,363,506
Program service revenue:						
Fees and grants from government agencies	**115,883**	**2,345**	**118,228**	50,000	-	50,000
Revenue directly related to program services:						
Program service fees	**28,139,897**	**-**	**28,139,897**	22,275,985	-	22,275,985
Membership dues—individuals	**411,300**	**-**	**411,300**	354,593	-	354,593
Inventory sales	**126,288**	**-**	**126,288**	141,941	-	141,941
Cost of inventory sold	**(64,288)**	**-**	**(64,288)**	(88,697)	-	(88,697)
Total program service revenue	**28,729,080**	**2,345**	**28,731,425**	22,733,822	-	22,733,822
Other revenue:						
Investment income (loss), net	**143,311**	**23,154**	**166,465**	(6,142)	(6,612)	(12,754)
Net gains (losses) on investments	**1,061,474**	**288,502**	**1,349,976**	(864,583)	(245,360)	(1,109,943)
Gain on forgiveness of Paycheck Protection Program loan	**-**	**-**	**-**	2,000,000	-	2,000,000
Increase (decrease) in cash surrender value of life insurance policies	**-**	**35,922**	**35,922**	-	(47,516)	(47,516)
Revenue from other sources	**784,030**	**-**	**784,030**	638,861	-	638,861
Net assets released from restrictions	**2,514,183**	**(2,514,183)**	**-**	1,769,935	(1,769,935)	-
Total other revenue	**4,502,998**	**(2,166,605)**	**2,336,393**	3,538,071	(2,069,423)	1,468,648
Total support, revenue and gains	**44,578,733**	**1,370,319**	**45,949,052**	37,535,951	(35,185)	37,500,766

(Continued)

Jewish Community Centers of Chicago

Consolidated Statements of Activities (Continued)
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:						
Program services:						
Early childhood education	**$ 14,859,284**	**$ -**	**$ 14,859,284**	$ 12,263,101	$ -	$ 12,263,101
Day camping	**10,452,552**	**-**	**10,452,552**	7,893,897	-	7,893,897
Overnight camping	**5,179,827**	**-**	**5,179,827**	3,737,732	-	3,737,732
Community engagement	**2,711,576**	**-**	**2,711,576**	2,120,434	-	2,120,434
At risk individuals and families	**2,513,040**	**-**	**2,513,040**	2,212,138	-	2,212,138
Perlstein Retreat Center	**1,039,998**	**-**	**1,039,998**	885,910	-	885,910
Total program service expenses	**36,756,277**	**-**	**36,756,277**	29,113,212	-	29,113,212
Supporting services:						
Management and general	**7,005,942**	**-**	**7,005,942**	7,136,430	-	7,136,430
Fundraising	**767,466**	**-**	**767,466**	791,904	-	791,904
Total supporting service expenses	**7,773,408**	**-**	**7,773,408**	7,928,334	-	7,928,334
Total expenses	**44,529,685**	**-**	**44,529,685**	37,041,546	-	37,041,546
Change in net assets before discontinued operations	**49,048**	**1,370,319**	**1,419,367**	494,405	(35,185)	459,220
Discontinued operations:						
J at School, net	**(16,051)**	**-**	**(16,051)**	19,948	-	19,948
Change in net assets	**32,997**	**1,370,319**	**1,403,316**	514,353	(35,185)	479,168
Net assets, beginning of year	**7,154,864**	**11,109,807**	**18,264,671**	6,640,511	11,144,992	17,785,503
Net assets, end of year	**$ 7,187,861**	**$ 12,480,126**	**$ 19,667,987**	$ 7,154,864	$ 11,109,807	$ 18,264,671

See notes to consolidated financial statements.

Jewish Community Centers of Chicago

Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services							Supporting Services		
	Early Childhood Education	Day Camping	Overnight Camping	Community Engagement	At Risk Individuals and Families	Perlstein Retreat Center	Total	Management and General	Fundraising	Grand Total
Salaries and wages	$ 6,826,676	$ 4,650,486	$ 1,609,466	$ 875,544	$ 686,301	$ 361,335	$ 15,009,808	$ 3,898,955	$ 289,207	$ 19,197,970
Pension plan expenses	414,677	50,463	32,911	26,328	35,105	15,358	574,842	125,062	8,776	708,680
Fringe benefits	763,636	133,606	116,371	96,845	142,699	49,817	1,302,974	717,720	54,106	2,074,800
Payroll taxes	717,272	499,137	108,217	84,410	72,847	27,829	1,509,712	372,737	31,790	1,914,239
Professional and contract services	255,355	241,340	383,702	44,727	66,333	55,028	1,046,485	658,964	19,042	1,724,491
Assistance to at risk individuals and families	-	-	-	-	425,266	-	425,266	-	-	425,266
Marketing	142,583	137,007	68,187	87,222	3,113	2,452	440,564	1,981	1,954	444,499
Office expenses	63,286	20,506	19,830	17,428	18,559	2,573	142,182	33,190	37,333	212,705
Information technology	158,847	131,666	123,438	49,007	105,125	31,432	599,515	327,483	18,694	945,692
Occupancy	3,380,122	1,912,899	815,118	658,582	437,584	276,691	7,480,996	259,418	44,869	7,785,283
Staff transportation	3,283	8,105	14,065	42,657	570	290	68,970	29,311	722	99,003
Conferences and meetings	46,374	49,870	10,270	8,554	3,165	952	119,185	54,202	2,523	175,910
Financing expenses	39,333	23,322	9,485	7,658	-	3,220	83,018	20,323	522	103,863
National association dues	31,598	3,845	2,508	2,006	2,675	1,170	43,802	9,531	669	54,002
Depreciation and amortization	436,012	265,222	189,275	90,115	2,521	49,038	1,032,183	121,939	5,986	1,160,108
Insurance	138,276	85,208	41,994	17,930	27,645	6,687	317,740	105,949	7,863	431,552
Program food and supplies	701,728	695,120	862,004	385,542	46,052	107,294	2,797,740	4,941	363	2,803,044
Contractual labor	87,661	467,221	233,938	108,951	32,440	4,563	934,774	-	-	934,774
Trips and outside facility fees	1,294	46,028	81,983	12,368	-	1,633	143,306	-	-	143,306
Transportation	-	626,706	256,633	229	-	11,360	894,928	-	-	894,928
Staff expenses	44,542	23,660	1,447	3,636	3,115	219	76,619	11,514	228	88,361
Security	260,488	31,700	20,288	16,538	22,052	9,648	360,714	84,023	5,513	450,250
Employee recruiting	114,374	64,387	41,706	31,727	3,227	1,954	257,375	70,673	51,892	379,940
Equipment and vehicles	36,196	64,798	27,148	5,221	832	2,540	136,735	13,909	343	150,987
Licenses and dues	2,212	7,781	4,629	-	390	1,570	16,582	7,210	-	23,792
Banking and merchant services fees	92,941	153,721	154,117	19,289	17,836	7,272	445,176	10,841	20,554	476,571
Bad debt expense	-	-	5,708	-	-	-	5,708	43,643	79,094	128,445
Sales taxes	-	-	732	-	-	-	732	3,909	-	4,641
Life insurance policy premiums	-	-	-	-	-	-	-	2,000	-	2,000
Other operating expenses	100,518	58,748	(55,343)	19,062	357,588	8,073	488,646	16,514	85,423	590,583
	$ 14,859,284	$ 10,452,552	$ 5,179,827	$ 2,711,576	$ 2,513,040	$ 1,039,998	$ 36,756,277	$ 7,005,942	$ 767,466	$ 44,529,685

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	At Risk Individuals and Families	Perlstein Retreat Center	Total	Management and General	Fundraising	Grand Total
Salaries and wages	$ 5,911,300	$ 2,882,837	$ 1,111,557	$ 565,341	$ 671,492	$ 343,235	$ 11,485,762	$ 3,689,597	$ 307,562	$ 15,482,921
Pension plan expenses	138,974	50,920	46,031	32,197	35,084	36,825	340,031	216,319	14,382	570,732
Fringe benefits	513,414	71,521	90,415	43,677	90,747	32,777	842,551	534,169	46,822	1,423,542
Payroll taxes	599,538	257,111	91,272	59,815	68,783	29,634	1,106,153	226,215	31,552	1,363,920
Professional and contract services	432,425	349,787	316,690	83,330	56,095	42,219	1,280,546	845,373	81,199	2,207,118
Assistance to at risk individuals and families	-	-	-	-	548,932	-	548,932	-	-	548,932
Marketing	126,258	112,595	99,946	35,258	4,629	3,337	382,023	21,231	16,187	419,441
Office expenses	7,921	10,621	12,534	2,580	12,234	70	45,960	144,401	32,417	222,778
Information technology	124,055	91,178	31,263	23,768	75,709	16,151	362,124	397,843	6,993	766,960
Occupancy	2,825,477	1,733,963	501,877	722,797	451,062	239,042	6,474,218	591,380	65,709	7,131,307
Staff transportation	3,877	6,800	7,702	18,665	708	625	38,377	5,993	682	45,052
Conferences and meetings	38,474	24,962	9,693	1,929	3,957	1,243	80,258	29,007	3,733	112,998
Financing expenses	15,901	9,245	2,589	4,068	-	1,110	32,913	5,942	370	39,225
National association dues	1,300	-	-	-	-	-	1,300	54,000	-	55,300
Depreciation and amortization	437,736	247,907	160,971	173,564	2,750	49,705	1,072,633	179,861	9,763	1,262,257
Insurance	104,684	61,116	36,564	15,384	29,472	4,308	251,528	113,446	6,480	371,454
Program food and supplies	644,304	740,256	678,075	212,944	116,918	51,683	2,444,180	13,424	153	2,457,757
Contractual labor	19,932	333,507	119,715	72,312	24,051	-	569,517	(184)	-	569,333
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	435	450	129,065	8,501	13,839	151,405
Security	104,736	104,078	40,508	3,689	3,871	1,196	258,078	17,498	12,134	287,710
Employee recruiting	43,771	39,108	11,494	10,590	2,649	3,232	110,844	76,373	8,117	195,334
Equipment and vehicles	25,628	68,774	29,590	7,898	2,063	11,628	145,581	3,833	112	149,526
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	9,747	2,998	336,230	99,096	55,943	491,269
Bad debt expense	-	5,168	4,986	-	-	-	10,154	-	(29,752)	(19,598)
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	-	3,832	119,287	(156,276)	107,507	70,518
	$ 12,263,101	$ 7,893,897	$ 3,737,732	$ 2,120,434	$ 2,212,138	$ 885,910	$ 29,113,212	$ 7,136,430	$ 791,904	$ 37,041,546

See notes to consolidated financial statements.

Jewish Community Centers of Chicago

Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 1,403,316	$ 479,168
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,160,108	1,274,866
Reduction in carrying amount of finance lease right-of-use assets	35,670	-
Gain on disposal of property and equipment	(184,973)	(160,282)
(Increase) decrease in cash surrender value of life insurance policies	(35,922)	47,516
(Gains) losses on investments	(464,054)	497,718
(Gains) losses on Endowment Foundation investments	(556,390)	616,106
Net unrealized (gain) loss on replacement reserve funds (other assets)	(4,524)	8,872
Forgiveness of Paycheck Protection Program loan	-	(2,000,000)
Changes in:		
Accounts receivable	145,170	177,201
Pledges receivable	(879,819)	508,860
Replacement reserves	33,688	(9,012)
Due from affiliated organizations	328,450	103,904
Prepaid expenses	(83,931)	188,755
Operating lease assets and liabilities	(18,010)	-
Due to affiliated organizations	(11,856)	100,000
Accounts payable, accrued expenses and other liabilities	583,632	375,961
Deferred revenue	1,106,277	3,506,278
Due to JFMC Facilities Corporation	165,154	90,061
Net cash provided by operating activities	2,721,986	5,805,972
Cash flows from investing activities:		
Purchases of property and equipment	(2,530,150)	(664,241)
Proceeds from sales of property and equipment	202,299	290,000
Proceeds from sales of investments	304,978	168,985
Purchase of investments	(1,430,031)	(200,000)
Purchases of Endowment Foundation investments	(46,200)	(662,035)
Proceeds from sales of Endowment Foundation investments	344,450	346,030
Net cash used in investing activities	(3,154,654)	(721,261)
Cash flows from financing activities:		
Cash paid for finance leases	(45,404)	-
Repayment of bond and note payable	(230,000)	(430,000)
Repayment of JFMC Facilities Corporation debt	(213,150)	(213,150)
Repayment of other obligations	-	(35,668)
Net cash used in financing activities	(488,554)	(678,818)
(Decrease) increase in cash, cash equivalents, and restricted cash	(921,222)	4,405,893
Cash, cash equivalents and restricted cash:		
Beginning of year	13,841,776	9,435,883
End of year	$ 12,920,554	$ 13,841,776
Cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 12,205,161	$ 13,022,573
Restricted cash	715,393	819,203
Total cash, cash equivalents and restricted cash	$ 12,920,554	$ 13,841,776
Supplemental disclosure of cash flows information:		
Cash payments for interest	$ 103,864	$ 36,311
Noncash 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 three 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 nine to 16, attend up to eight weeks of overnight camp programming each summer. 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: Discontinued effective in fiscal year 2023. JCC Chicago developed and administered 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). Revenues and expenses were approximately $0 and $16,000 for fiscal year 2023, and $3,060,000 and $3,040,000 for fiscal year 2022, 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 host JCC programming including winter camp, 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:

Note 2. Significant Accounting Policies (Continued)

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 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, 2023, cash equivalents are comprised entirely of money market funds and U.S. treasuries. At June 30, 2022, cash equivalents are comprised entirely of money market accounts. 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: 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 $58,218 and $52,263 at June 30, 2023 and 2022, 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.

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, has been deferred as of year-end.

Leases: Prior to July 1, 2022, JCC Chicago followed the lease accounting guidance in FASB ASC Topic 840. Effective July 1, 2022, JCC Chicago follows the lease accounting guidance in FASB ASC Topic 842. JCC Chicago determines if an arrangement is a lease at inception of the contract. Under Topic 842, a lease is a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. JCC Chicago's contracts determined to be or contain a lease include explicitly or implicitly identified assets where JCC Chicago has the right to obtain substantially all of the economic benefits of the assets and has the ability to direct how and for what purpose the assets are used during the lease term.

Leases are classified as either operating or finance. For both operating and finance leases, JCC Chicago recognizes a lease liability equal to the present value of the remaining lease payments, and a right of use asset equal to the lease liability, subject to certain adjustments. The lease term may include options to extend or terminate the lease when it is reasonably certain that JCC Chicago will exercise such option. When the rate implicit in the lease is not readily determinable, JCC Chicago has made a policy election to use a risk-free rate, based on the United States Treasury rates, to determine the present value of the lease payments for all classes of assets.

JCC Chicago defines a short-term lease as any lease arrangement with an original lease term of twelve months or less that does not include an option to purchase the underlying asset. JCC Chicago has made a policy election to not recognize right-of-use assets and lease liabilities for short-term leases. As a result, short-term lease payments are recognized as expense on a straight-line basis over the lease term, and variable lease payments are recognized in the period in which the obligation is incurred.

Certain of JCC Chicago's leases also include variable lease costs. These variable payments typically represent additional services transferred to JCC Chicago, such as overage charges for related services and these are recorded in occupancy expense in the period incurred.

Operating leases result in a straight-line lease expense, while finance leases result in a front-loaded expense pattern. JCC Chicago's lease agreements do not contain any residual value guarantees or restrictive covenants.

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.

Note 2. Significant Accounting Policies (Continued)

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

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

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

Replacement reserves: Replacement reserves are made up of funds held by JFMC that have been set aside to cover potential costs associated with repairing and/or replacing building components at the Camp Chi and the Florence G. Heller JCC. The value of the Camp Chi replacement reserve was $63,014 and $58,480 at June 30, 2023 and 2022, respectively. The value of the Florence G. Heller JCC replacement reserve was $7,721 and $41,419 at June 30, 2023 and 2022, 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.

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 merchandise sales represent revenue from contracts with customers. Program service fees and membership dues are recognized over time. Merchandise sales are recognized at a point in time.

Note 2. Significant Accounting Policies (Continued)

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 2023 and 2022. 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 include 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.

Note 2. Significant Accounting Policies (Continued)

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: The FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in FASB ASC Topic 840, Leases, which is intended to increase transparency and comparability among organizations related to their leasing arrangements. The new lease standard, including all the related amendments subsequent to its issuance, supersedes the previous guidance for lease accounting and requires lessees to recognize a right-of-use asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term for substantially all leases, as well as disclose key quantitative and qualitative information about leasing arrangements.

JCC Chicago adopted ASU 2016-02 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior period financial statements. Under this transition provision, JCC Chicago has applied ASU 2016-02 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the legacy guidance under ASC Topic 840, Leases, (ASC 840). The adoption did not result in a cumulative-effect adjustment to the opening balance of net assets.

In addition to policy election choices, FASB ASC Topic 842 includes practical expedient choices. JCC Chicago elected the package of practical expedients available in the standard and as a result, did not reassess the lease classification of existing leases, whether a preexisting contract is deemed to be or to include a lease or the initial direct costs associated with existing leases. JCC Chicago did not elect the hindsight practical expedient, and so did not re-evaluate lease terms for existing leases and will measure the right-of-use asset and lease liability using the remaining portion of the lease term at adoption on July 1, 2022.

Adoption of the new lease standard resulted in the recording of operating lease right-of-use assets and operating lease liabilities of approximately $17,451,000, respectively, as of July 1, 2022. Adoption also resulted in the recording of financing lease right-of-use assets and financing lease liabilities of approximately $233,000, respectively, as of July 1, 2022.

Reclassifications: Certain 2022 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.

Subsequent events: Management has evaluated subsequent events through January 31, 2024, 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, 2023 and 2022, the following financial assets are available to meet annual operating needs during the next 12 months:

	2023	2022
Financial assets available to meet general expenditures over the next 12 months:		
Cash and cash equivalents	$ 12,205,161	$ 13,022,573
Accounts receivable, net	475,316	620,486
Current portion of pledges receivable	1,867,280	1,593,098
Due from affiliated organizations	38,039	366,489
Short-term investments	1,001,000	1,000
Expected distribution from the JCC Endowment Foundation	290,000	298,000
Total financial assets available to meet general expenditure obligations over the next 12 months	$ 15,876,796	$ 15,901,646

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, 2023 and 2022, was $6,588,181 and $6,606,181, respectively. The Jewish Federation also provided $1,194,070 and $1,757,325 of other support during the years ended June 30, 2023 and 2022, 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 $38,089 and $366,489 at June 30, 2023 and 2022, respectively.

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 $113,144 and $125,000 at June 30, 2023 and 2022, respectively.

Affiliated agencies provided approximately 17% and 21% of total support, revenue and gains for fiscal years 2023 and 2022, respectively.

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 of $213,150 through fiscal year 2034.

Note 4. Affiliated Agencies (Continued)

The debt owed to Facilities Corporation is reflected as a liability on JCC Chicago's consolidated statements 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:	
2024	$ 213,150
2025	213,150
2026	213,150
2027	213,150
2028	213,150
Thereafter	1,492,040
	2,557,790
Discount to present value	(477,351)
	$ 2,080,439

Note 5. Pledges Receivable

Pledges at June 30, 2023 and 2022, are expected to be collected as follows:

	2023	2022
Less than one year	$ 1,933,524	$ 1,596,613
One to five years	1,511,466	760,729
More than five years	278,637	422,785
	3,723,627	2,780,127
Less discount to net present value	(185,381)	(177,079)
Less allowance for uncollectable pledges	(66,244)	(10,865)
Net pledges receivable	3,472,002	2,592,183
Less current portion	(1,867,280)	(1,593,098)
Long-term portion	$ 1,604,722	$ 999,085

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. At June 30, 2023 and 2022, pledges receivables include remaining expected installments totaling approximately $550,000 and $700,000, respectively, less a present value discount at a rate of approximately 4%.

Note 6. Investments and Fair Value Measurements

Investments at June 30, 2023 and 2022, are as follows:

	2023	2022
Certificates of deposit	$ 1,000,000	$ -
State of Israel—Ministry of Defense—bond	1,000	1,000
JFMC Pooled Endowment Portfolio (PEP):		
Agency investments	6,211,614	5,622,507
Endowment Foundation	7,030,585	6,772,445
	$ 14,243,199	$ 12,395,952

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.

Note 6. Investments and Fair Value Measurements (Continued)

The fair value of publicly traded money market funds and U.S. treasuries is based upon market quotations of national security exchanges. Certificates of deposit are reported at their carrying amount which approximates fair value because of the short maturity of the instrument. These financial instruments are classified as Level 1 in the fair value hierarchy.

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, 2023, are as follows:

	Level 1	Level 2	Level 3	Measured at NAV[(a)]	Total
Description:					
Cash equivalents:					
Money market funds	$ 760,365	$ -	$ -	$ -	$ 760,365
U.S. treasuries	4,460,565	-	-	-	4,460,565
Investments:					
Certificates of deposit	1,000,000	-	-	-	1,000,000
Fixed income—bond	-	1,000	-	-	1,000
Jewish Federation PEP:					
Agency investments	-	-	-	6,211,614	6,211,614
Endowment Foundation	-	-	-	7,030,585	7,030,585
	6,220,930	1,000	-	13,242,199	19,464,129
Replacement reserve funds	-	-	-	70,735	70,735
Total assets	$ 6,220,930	$ 1,000	$ -	$ 13,312,934	$ 19,534,864

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—bond	$ -	$ 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

(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.

Note 6. Investments and Fair Value Measurements (Continued)

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 85.23% of the PEP as of June 30, 2023, and JCC Chicago and the Endowment Foundation, respectively, had 0.63% and 0.72% interest in the Jewish Federation's portion of the PEP for the same reporting period. 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.

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.

Note 6. Investments and Fair Value Measurements (Continued)

Concentration of credit risk: JCC Chicago generally invests excess cash assets in interest bearing savings accounts or short-term treasuries. 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

	2023	2022
Land	$ 391,412	$ 394,407
Buildings and building improvements	13,062,878	12,329,070
Infrastructure improvements	1,316,179	631,169
Land improvements	611,414	608,914
Leasehold improvements	10,661,092	10,321,339
Equipment and furniture	8,099,495	7,926,735
Vehicles	468,010	412,158
Computer equipment	2,901,694	2,740,992
Program equipment	1,514,899	1,406,199
Equipment under capital leases	821,556	1,065,303
Software	632,700	632,700
Other	208,736	208,736
Construction in progress	206,818	127,946
	40,896,883	38,805,668
Less accumulated depreciation and amortization	(30,198,249)	(29,240,378)
	$ 10,698,634	$ 9,565,290

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 $1,160,108 and $1,274,866 for the years ended June 30, 2023 and 2022, 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 loan is eligible for forgiveness if certain employee and compensation levels are maintained. 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.

Note 9. Notes Payable

	2023	2022
Note payable to Old National Bank, payable in annual installments of $100,000 plus monthly interest payments at SOFR plus 110 basis points (6.52% at June 30, 2023) and a balloon payment of $1,540,000 due August 31, 2024. Collateralized by JCC Chicago assets. JCC Chicago intends to to seek renewal prior to expiration.	$ 1,640,000	$ 1,740,000
Interest-free note payable to Foundation for Jewish Camp, Inc. payable in quarterly installments of $32,500 through January 1, 2026.	325,000	455,000
	1,965,000	2,195,000
Less current portion	(197,500)	(197,500)
Long-term portion	$ 1,767,500	$ 1,997,500

The note payable is guaranteed by the Jewish Federation.

Interest expense was $87,021 and $33,698 in fiscal years 2023 and 2022, respectively.

Future maturities of the notes payable are as follows:

Years ending June 30:	
2024	$ 197,500
2025	1,670,000
2026	97,500
	$ 1,965,000

JCC Chicago has a $5,000,000 line of credit that is scheduled to mature on April 2, 2024, 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 years 2023 and 2022.

Note 10. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2023 and 2022, are restricted as follows:

	2023	2022
Specific purpose funds:		
"Z" Frank Camp Apachi Supporting Foundation	$ 492,519	$ 664,892
Bachrach Sukkah Garden	14,948	14,678
Children and Family Services	411,560	212,500
Davis Theater	239,047	234,739
Day Camping	280,050	416,600
Early Childhood Services	180,000	428,010
Project Ezra	-	538,948
Garoon Science Park at Elaine Frank Apachi Camp	1,080,818	1,009,629
Jewish Film Festival	164,281	119,723
Life insurance policies	168,946	137,698
Resident Camping	253,576	502,100
Sidney N. Shure Kehilla program	3,500	-
Software systems	75,764	74,000
Scholarship support other	115,012	131,237
Family involvement group	60,600	-
Sunrise Day Camp	2,381,561	-
Camp Chi Outpost Village	-	28,329
	5,922,182	4,513,083
Undistributed income of donor-restricted endowment funds:		
Mayer Kaplan Library	21,146	19,432
Scholarship support	838,233	708,006
Senior programming	810	777
	860,189	728,215
Donor-restricted endowment funds:		
Bachrach Sukkah Garden	680	680
Jewish education	2,000,000	2,000,000
Life insurance	49,347	44,673
Mayer Kaplan Library	74,000	74,000
Scholarship support	2,219,063	2,219,063
Senior programming	1,000	1,000
	4,344,090	4,339,416
Endowment Foundation:		
City North Kehilla	95,430	221,385
Scholarships	91,688	111,827
Weinger JCC	911,136	940,845
Camp Chi	130,364	130,036
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 Swimming Scholarship Fund	5,047	5,000
	1,353,665	1,529,093
	$ 12,480,126	$ 11,109,807

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, 2023, JCC Chicago's General Operating Fund owes $1,600,000 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 consolidated 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 2023 and 2022 were $46,738 and $42,086, 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, 2023 and 2022, are as follows:

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 5,729,373	$ -	$ 5,729,373	$ 5,321,258	$ -	$ 5,321,258
Donor-restricted endowment funds	-	6,557,944	6,557,944	-	6,596,724	6,596,724
Total endowment funds	$ 5,729,373	$ 6,557,944	$ 12,287,317	$ 5,321,258	$ 6,596,724	$ 11,917,982

Changes in endowment net assets for the years ended June 30, 2023 and 2022, are as follows:

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 5,321,258	$ 6,596,724	$ 11,917,982	$ 6,079,597	$ 6,515,200	$ 12,594,797
Contributions	10,000	9,061	19,061	15,019	581,555	596,574
Net appreciation (depreciation) (realized and unrealized) on investment	558,099	275,019	833,118	(614,250)	(233,370)	(847,620)
Change in cash surrender value of life insurance	-	4,674	4,674	-	(9,833)	(9,833)
Amounts appropriated for expenditures	(346,025)	(141,493)	(487,518)	(346,736)	(69,200)	(415,936)
Transfer of net assets released from restrictions	186,041	(186,041)	-	187,628	(187,628)	-
Endowment net assets, end of year	$ 5,729,373	$ 6,557,944	$ 12,287,317	$ 5,321,258	$ 6,596,724	$ 11,917,982

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 $5,500 had a deficiency of $453 at June 30, 2023. A certain fund with an original gift value totaling $5,000 had a deficiency of $586 at June 30, 2022.

Note 11. Endowment Funds (Continued)

Donor-restricted endowment funds reflected above include one fund with an amount of $1,600,000 and $1,800,000 due from JCC Chicago's General Operating Fund at June 30, 2023 and 2022, 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 which began in fiscal year 2022 (see Note 10).

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 is being phased in over a five-year period, beginning in fiscal year 2021.

Note 12. Retirement Plan

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

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 $94,971 and $80,422 for fiscal years 2023 and 2022, respectively.

FUTURE is a defined contribution 401(k) plan, covering non-bargaining unit employees, which allows for both employee and employer contributions. Employer contributions paid by JCC Chicago to FUTURE for fiscal years ended June 30, 2023 and 2022, were $11,349 and $0, respectively.

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.

Note 12. Retirement Plan (Continued)

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.

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
		2023	2022		2023	2022		
FERIP	36-2167034	N/A*	N/A*	N/A	$613,709	$607,606	-	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 70% and 66% funded as of June 30, 2023 and 2022, respectively.

Effective June 30, 2021, FERIP was amended to close the plan to new employees so that individuals hired or transferred into a non-bargaining unit position after June 30, 2021, are not eligible to participate in or accrue credited service under the plan after such date. This amendment did not have any impact on employees already participating in FERIP as they will continue to accrue credited service and benefits. Non-bargaining unit employees hired after June 30, 2021, will be eligible to participate in FUTURE.

Note 13. Leases

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 the consolidated statements of activities) and the "Z"FA Foundation to offset the rent expense.

Other JFMC Facilities Corporation arrangements: JCC Chicago leases from JFMC Facilities Corporation office space and program facilities for which it pays certain occupancy costs that are determined by JFMC Facilities Corporation on an annual basis. Due to the annual determination, JCC considers payments associated with these arrangements to be variable in nature. Rentals related to arrangements with JFMC Facilities Corporation were $4,909,037 and $4,960,506 in fiscal years 2023 and 2022, respectively. Rental charges based on the lessor's operating costs for the respective centers are expected to be similar for subsequent years.

Note 13. Leases (Continued)

Certain leases include renewal, termination or purchase options. Under FASB ASC Topic 842, the lease term at the lease commencement date is determined based on the non-cancellable period for which JCC Chicago has the right to use the underlying asset, together with any periods covered by an option to extend the lease if JCC Chicago is reasonably certain to exercise that option, periods covered by an option to terminate the lease if JCC Chicago is reasonably certain not to exercise that option, and periods covered by an option to extend (or not to terminate) the lease in which the exercise of the option is controlled by the lessor. JCC Chicago considered a number of factors when evaluating whether the options in its lease contracts were reasonably certain of exercise, such as length of time before option exercise, expected value of the leased asset at the end of the initial lease term, importance of the lease to overall operations, costs to negotiate a new lease, and any contractual or economic penalties.

FASB ASC Topic 842 includes a number of reassessment and re-measurement requirements for lessees based on certain triggering events or conditions, including whether a contract is or contains a lease, assessment of lease term and purchase options, measurement of lease payments, assessment of lease classification and assessment of the applicable discount rate. JCC Chicago reviewed the reassessment and re-measurement requirements and did not identify any events or conditions during fiscal year 2023, that required a reassessment or re-measurement. In addition, there were no impairment indicators identified during fiscal year 2023 that required an impairment test for JCC Chicago's right-of-use assets or other long-lived assets in accordance with ASC 360-10.

The components of lease expense and supplemental cash flow information related to leases for fiscal year 2023, are as follows:

Operating lease cost	$	1,598,187
Short-term lease cost		348,450
Finance lease cost:		
Amortization of right-of-use assets		35,670
Interest on lease liabilities		8,396
Variable lease cost		3,550,925
Total lease cost	$	5,541,628

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows—payments on operating leases	$	1,598,187
Operating cash outflows—interest on finance leases		8,396
Financing cash outflows—payments on finance leases		45,404

Lease-related information as of and for the year ended June 30, 2023, is as follows:

Weighted-average remaining lease term:	
Operating leases	14.74 Years
Finance leases	3.75 Years
Weighted-average discount rate:	
Operating leases	2.88%
Finance leases	3.96%

Note 13. Leases (Continued)

As of June 30, 2023, maturities of JCC Chicago's lease liabilities are as follows:

	Operating Leases	Finance Leases
Years ending June 30:		
2024	$ 1,552,691	$ 53,819
2025	1,424,258	53,819
2026	1,347,153	53,819
2027	1,327,403	40,365
2028	1,326,252	-
Remaining	13,015,622	-
Total lease payments	19,993,379	201,822

As of June 30, 2022, future minimum lease commitments, as determined under ASC Topic 840, were as follows:

Years ending June 30:	
2023	$ 1,721,581
2024	1,678,657
2025	1,569,626
2026	1,496,202
2027	1,481,701
Thereafter	15,262,550
	$ 23,210,317

Note 14. Other Commitments and Contingencies

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 litigation 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 $126,445 and $128,617 as of June 30, 2023 and 2022, 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 $780,470 and $1,251,675 of contributions in fiscal years 2023 and 2022, respectively.