

**RAYMOND AND MIRIAM KLEIN JCC
(d/b/a KLEINLIFE)**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2018 AND 2017

AND

INDEPENDENT AUDITORS' REPORT

**RAYMOND AND MIRIAM KLEIN JCC
(d/b/a KLEINLIFE)**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Raymond and Miriam Klein JCC (d/b/a Kleinlife)
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of Raymond and Miriam Klein JCC (d/b/a Kleinlife) ("Kleinlife") (a nonprofit organization), which comprise the statement of financial position as of August 31, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the 2018 financial statements referred to above present fairly, in all material respects, the financial position of Kleinlife as of August 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adjustments to Prior Year Financial Statements

The financial statements of Kleinlife as of August 31, 2017, were audited by other auditors whose report dated February 26, 2018, expressed an unmodified opinion on those financial statements. As discussed in Note 2, Kleinlife has restated its 2017 financial statements to recognize the use of donated facilities in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the 2017 financial statements before the restatement.

As part of our audit of the 2018 financial statements, we also audited the adjustment described in Note 2 that was applied to restate the 2017 financial statements. In our opinion, such adjustment is appropriate and has been properly applied. We were not engaged to audit, review, or apply any procedures to the 2017 financial statements of Kleinlife other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the 2017 financial statements as a whole.

A handwritten signature in cursive script that reads "Friedman LLP".

Philadelphia, Pennsylvania
February 1, 2019

RAYMOND AND MIRIAM KLEIN JCC
(d/b/a KLEINLIFE)

STATEMENTS OF FINANCIAL POSITION

	August 31,	
	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 909,567	\$ 792,559
Accounts receivable, net of allowance for doubtful accounts of \$5,000 in 2018 and 2017	197,129	159,543
Grants and pledges receivable, current portion	346,200	162,524
Prepaid expenses	24,263	36,030
Advance to third party	-	100,781
Total current assets	1,477,159	1,251,437
Noncurrent assets		
Grants and pledges receivable, net of current portion	458,206	623,252
Restricted cash for capital improvements	834,108	773,186
Building improvements, furniture and equipment, net of accumulated depreciation and amortization	983,197	897,919
Total noncurrent assets	2,275,511	2,294,357
Total assets	\$ 3,752,670	\$ 3,545,794
LIABILITIES AND NET ASSETS		
Current liabilities		
Capital lease payable, current portion	\$ 4,063	\$ 6,349
Accounts payable and accrued expenses	248,433	327,706
Deferred revenues	5,000	1,875
Due to related party	-	758
Total current liabilities	257,496	336,688
Noncurrent liabilities		
Capital lease payable, net of current portion	1,171	4,834
Total liabilities	258,667	341,522
Commitments		
Net assets		
Unrestricted	1,754,122	1,551,832
Temporarily restricted	1,736,234	1,648,793
Permanently restricted	3,647	3,647
Total net assets	3,494,003	3,204,272
Total liabilities and net assets	\$ 3,752,670	\$ 3,545,794

See notes to financial statements.

RAYMOND AND MIRIAM KLEIN JCC
(d/b/a KLEINLIFE)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED AUGUST 31, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenues				
Grants				
Governmental agencies	\$ 1,372,950	\$ -	\$ -	\$ 1,372,950
Jewish Federation of Greater Philadelphia	835,000	-	-	835,000
General	401,308	162,769	-	564,077
Membership fees	296,916	-	-	296,916
Program service fees	830,841	-	-	830,841
Contributions (including donated use of facilities of \$1,500,000)	2,030,752	102,000	-	2,132,752
Rental income	607,856	-	-	607,856
Other income	6,079	-	-	6,079
Net assets released from restrictions	177,328	(177,328)	-	-
Total support and revenues	6,559,030	87,441	-	6,646,471
Expenses				
Program services	5,735,785	-	-	5,735,785
Management and general	557,235	-	-	557,235
Fund-raising	63,720	-	-	63,720
Total expenses	6,356,740	-	-	6,356,740
Changes in net assets	202,290	87,441	-	289,731
Net assets, beginning of year	1,551,832	1,648,793	3,647	3,204,272
Net assets, end of year	\$ 1,754,122	\$ 1,736,234	\$ 3,647	\$ 3,494,003

See notes to financial statements.

RAYMOND AND MIRIAM KLEIN JCC
(d/b/a KLEINLIFE)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED AUGUST 31, 2017
(AS RESTATED)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenues				
Grants				
Governmental agencies	\$ 1,212,512	\$ -	\$ -	\$ 1,212,512
Jewish Federation of Greater Philadelphia	835,000	-	-	835,000
General	303,468	131,674	-	435,142
Membership fees	316,809	-	-	316,809
Program service fees	830,899	-	-	830,899
Contributions (including donated use of facilities of \$1,500,000, as restated, see Note 2)	2,230,235	105,000	-	2,335,235
Rental income	575,362	-	-	575,362
Other income	17,189	-	-	17,189
Net assets released from restrictions	91,691	(91,691)	-	-
Total support and revenues	6,413,165	144,983	-	6,558,148
Expenses (as restated, see Note 2)				
Program services	5,520,306	-	-	5,520,306
Management and general	803,658	-	-	803,658
Fund-raising	44,336	-	-	44,336
Total expenses	6,368,300	-	-	6,368,300
Changes in net assets	44,865	144,983	-	189,848
Net assets, beginning of year	1,506,967	1,503,810	3,647	3,014,424
Net assets, end of year	\$ 1,551,832	\$ 1,648,793	\$ 3,647	\$ 3,204,272

See notes to financial statements.

RAYMOND AND MIRIAM KLEIN JCC
(d/b/a KLEINLIFE)

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED AUGUST 31, 2018

	Program Services				Support Services			Total
	Senior Services	Recreation	Early Learning	Total Program Services	Management and General	Fundraising	Total Support Services	
Expenses								
Personnel								
Salaries and wages	\$ 1,682,654	\$ 233,709	\$ 235,343	\$ 2,151,706	\$ 198,843	\$ 12,776	\$ 211,619	\$ 2,363,325
Benefits expense	95,722	11,660	379	107,761	19,604	213	19,817	127,578
Payroll taxes and other	165,755	28,078	30,618	224,451	16,426	867	17,293	241,744
Total personnel	1,944,131	273,447	266,340	2,483,918	234,873	13,856	248,729	2,732,647
Other								
Advertising	2,171	2,160	63	4,394	5,064	200	5,264	9,658
Bank and credit card fees	7,171	4,585	4,516	16,272	1,072	-	1,072	17,344
Computer expense	43,136	5,176	2,087	50,399	5,072	3,768	8,840	59,239
Depreciation and amortization	112,791	24,705	65,599	203,095	10,875	2,971	13,846	216,941
Donated use of facilities	855,000	225,000	345,000	1,425,000	75,000	-	75,000	1,500,000
Equipment leasing	9,946	1,351	449	11,746	2,585	763	3,348	15,094
Gift shop expense	170	-	-	170	158	-	158	328
Insurance	74,203	14,833	5,395	94,431	19,241	-	19,241	113,672
Interest expense	30	76	-	106	720	-	720	826
Office supplies	12,990	973	630	14,593	1,828	-	1,828	16,421
Outside contractors	38,099	9,446	3,070	50,615	15,541	-	15,541	66,156
Payroll services	8,638	4,130	3,214	15,982	693	167	860	16,842
Printing and postage	10,758	241	327	11,326	354	2,548	2,902	14,228
Professional fees	30,190	-	-	30,190	116,555	38,581	155,136	185,326
Program expenses								
Food and food supplies	193,987	-	2,555	196,542	2,272	-	2,272	198,814
Outside contractors	77,067	-	-	77,067	923	-	923	77,990
Other	9,972	7,794	26	17,792	818	-	818	18,610
Supplies and equipment	37,954	14,849	5,710	58,513	956	-	956	59,469
Transportation	11,789	-	76,109	87,898	1,393	-	1,393	89,291
Trips	35,711	-	1,602	37,313	-	-	-	37,313
Purchased meals	229,673	-	-	229,673	-	-	-	229,673
Instructors	63,555	40,290	900	104,745	-	-	-	104,745
Performers	18,349	-	-	18,349	-	-	-	18,349
Chaplain	21,953	-	-	21,953	-	-	-	21,953
Rent expense	20,963	-	-	20,963	-	-	-	20,963
Repairs and maintenance	108,712	39,373	7,421	155,506	40,834	-	40,834	196,340
Staff development	3,218	-	-	3,218	4,238	-	4,238	7,456
Telephone	22,438	3,232	992	26,662	2,099	866	2,965	29,627
Utilities	160,412	42,214	64,728	267,354	14,071	-	14,071	281,425
Total other expenses	2,221,046	440,428	590,393	3,251,867	322,362	49,864	372,226	3,624,093
Total expenses	\$ 4,165,177	\$ 713,875	\$ 856,733	\$ 5,735,785	\$ 557,235	\$ 63,720	\$ 620,955	\$ 6,356,740

See notes to financial statements.

RAYMOND AND MIRIAM KLEIN JCC
(d/b/a KLEINLIFE)

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED AUGUST 31, 2017
(AS RESTATED)

	Program Services				Support Services			Total
	Senior Services	Recreation	Early Learning	Total Program Services	Management and General	Fundraising	Total Support Services	
Expenses								
Personnel								
Salaries and wages	\$ 1,554,296	\$ 242,638	\$ 246,414	\$ 2,043,348	\$ 350,500	\$ 4,257	\$ 354,757	\$ 2,398,105
Benefits expense	72,906	7,103	37	80,046	18,801	-	18,801	98,847
Payroll taxes and other	168,840	35,362	34,111	238,313	26,551	1,039	27,590	265,903
Total personnel	1,796,042	285,103	280,562	2,361,707	395,852	5,296	401,148	2,762,855
Other								
Advertising	9,802	2,335	-	12,137	2,640	2,123	4,763	16,900
Bank and credit card fees	5,154	3,859	3,698	12,711	793	-	793	13,504
Computer expense	35,587	4,959	2,098	42,644	5,261	2,398	7,659	50,303
Depreciation and amortization	106,371	33,514	11,959	151,844	20,663	1,605	22,268	174,112
Donated use of facilities (as restated)	855,000	225,000	345,000	1,425,000	75,000	-	75,000	1,500,000
Equipment leasing	12,935	1,797	881	15,613	1,808	981	2,789	18,402
Gift shop expense	-	-	-	-	502	-	502	502
Insurance	69,014	18,882	7,260	95,156	15,223	-	15,223	110,379
Interest expense	-	-	-	-	799	-	799	799
Office supplies	26,581	747	451	27,779	5,629	588	6,217	33,996
Outside contractors	20,320	5,276	1,715	27,311	8,647	-	8,647	35,958
Payroll services	10,080	4,938	3,909	18,927	618	205	823	19,750
Printing and postage	17,596	61	201	17,858	7,861	950	8,811	26,669
Professional fees	10,000	-	-	10,000	142,203	29,179	171,382	181,382
Program expense:								
Food and food supplies	193,688	8	10,260	203,956	4,082	37	4,119	208,075
Outside contractors	80,765	-	-	80,765	-	-	-	80,765
Other	5,918	21,736	99	27,753	573	-	573	28,326
Supplies and equipment	44,275	15,831	10,566	70,672	368	-	368	71,040
Transportation	8,884	150	71,255	80,289	591	-	591	80,880
Trips	29,072	-	3,510	32,582	340	-	340	32,922
Purchased meals	257,474	-	-	257,474	-	-	-	257,474
Instructors	63,283	35,492	1,630	100,405	40	-	40	100,445
Performers	19,890	-	457	20,347	-	-	-	20,347
Chaplain	22,373	-	-	22,373	-	-	-	22,373
Rent expense	20,595	-	-	20,595	-	-	-	20,595
Repairs and maintenance	96,456	46,202	6,623	149,281	46,560	-	46,560	195,841
Staff development	5,968	-	-	5,968	3,091	-	3,091	9,059
Telephone	22,888	3,510	1,109	27,507	2,155	974	3,129	30,636
Utilities	150,941	38,271	12,440	201,652	62,359	-	62,359	264,011
Total other expenses (as restated)	2,200,910	462,568	495,121	3,158,599	407,806	39,040	446,846	3,605,445
Total expenses (as restated)	\$ 3,996,952	\$ 747,671	\$ 775,683	\$ 5,520,306	\$ 803,658	\$ 44,336	\$ 847,994	\$ 6,368,300

See notes to financial statements.

RAYMOND AND MIRIAM KLEIN JCC
(d/b/a KLEINLIFE)

STATEMENTS OF CASH FLOWS

	Year Ended August 31,	
	2018	2017
Cash flows from operating activities		
Changes in net assets	\$ 289,731	\$ 189,848
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	216,941	174,112
Contributed equipment	-	(6,500)
Changes in operating assets and liabilities		
Accounts receivable	(37,586)	37,023
Grants and pledges receivable	(18,630)	268,300
Prepaid expenses	11,767	(17,860)
Advance to third party	100,781	(100,781)
Accounts payable and accrued expenses	(79,273)	14,345
Deferred revenues	3,125	(3,125)
Due to related party	(758)	(563)
Net cash provided by operating activities	486,098	554,799
Cash flows from investing activities		
Purchase of building improvements, furniture and equipment	(302,219)	(161,369)
Cash flows used in financing activities		
Payment of capital lease obligation	(5,949)	(7,163)
Net increase in cash, cash equivalents and restricted cash	177,930	386,267
Cash, cash equivalents and restricted cash, beginning of year	1,565,745	1,179,478
Cash, cash equivalents and restricted cash, end of year	\$ 1,743,675	\$ 1,565,745
The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sum to the total of the same amounts shown in the statements of of cash flows:		
Cash and cash equivalents	\$ 909,567	\$ 792,559
Restricted cash for capital improvements	834,108	773,186
Total cash, cash equivalents and restricted cash above	\$ 1,743,675	\$ 1,565,745
Supplemental cash flow disclosures		
Cash paid during the year for interest	\$ 796	\$ 799
Non-cash investing and financing activities		
Equipment financed through capital lease obligation	\$ -	\$ 12,472
Equipment acquired through accounts payable	\$ -	\$ 4,157

See notes to financial statements.

**RAYMOND AND MIRIAM KLEIN JCC
(d/b/a KLEINLIFE)**

NOTES TO FINANCIAL STATEMENTS

1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Raymond and Miriam Klein JCC (d/b/a Kleinlife) (“Kleinlife”) was incorporated on August 31, 2009 under Pennsylvania Nonprofit Law. Kleinlife serves and promotes the interests and welfare of the Jewish community and residents of Northeast Philadelphia by providing facilities, programs and resources to serve the physical, cultural, educational, social, recreational, health and camping needs of members and users and to further an appreciation of the heritage and values of Judaism and the Jewish people, their traditions, culture, ethics, philosophy and aspirations.

Basis of Presentation

The financial statements of Kleinlife have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Classification of Net Assets

Kleinlife reports information regarding its financial position and activities according to three classes of net assets, depending on the existence or absence of donor-imposed restrictions as follows:

Classification of Net Assets (Continued)

Unrestricted – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Temporarily restricted – Net assets whose use by Kleinlife is subject to donor-imposed stipulations that can be fulfilled by actions of Kleinlife pursuant to these stipulations or that expire by the passage of time.

Permanently restricted – Net assets subject to donor-imposed stipulations mandating that they be maintained permanently by Kleinlife.

RAYMOND AND MIRIAM KLEIN JCC
(d/b/a KLEINLIFE)

NOTES TO FINANCIAL STATEMENTS

1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Kleinlife considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Kleinlife maintains its cash balances at local financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (“FDIC”) subject to certain limitations. At times during the year, cash balances may exceed FDIC limits. Kleinlife has not experienced any losses on such accounts, and believes that it is not exposed to a significant risk on its cash deposits.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist of amounts owed for program services rendered or membership dues. The allowance for doubtful accounts is based upon management’s analysis of historical collections and known ability of funders and members to pay. Accounts receivable are written off when management determines an account is uncollectible.

Grants and Pledges Receivable

Unconditional promises to give are recognized as support in the period granted. Management believes that any uncollectible amounts are insignificant, and therefore no allowance has been reflected in the financial statements. Management has determined that no discount on grants and pledges due in future years is necessary because any discount would not be material to the financial statements as a whole.

Restricted Cash

Restricted cash includes cash received from donors from the capital campaign, which has not yet been spent (see Note 11).

Building Improvements, Furniture and Equipment and Depreciation and Amortization

Assets purchased are stated at cost and assets donated are stated at their estimated fair market value on the date of receipt. Depreciation and amortization is provided on the straight-line method over the estimated useful lives of the assets, ranging from 3 to 25 years. Upon sale or retirement, the cost and related accumulated depreciation are removed from the respective accounts and the resulting gain or loss is included in the statements of activities and changes in net assets. Depreciation on assets acquired under capital leases is included with depreciation and amortization expense.

Maintenance, repairs and minor replacements are expensed as incurred. Replacements and betterments which increase the service capacity or prolong the service life beyond that originally contemplated are capitalized.

RAYMOND AND MIRIAM KLEIN JCC
(d/b/a KLEINLIFE)

NOTES TO FINANCIAL STATEMENTS

1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Service Revenues and Deferred Revenues

Revenue from space rentals, memberships, childcare and various program services is recognized ratably over the periods covered.

Deferred revenues include program income that has not been earned as of the end of the fiscal year, but are expected to be recognized as revenues in the next fiscal year.

Support and Revenue Recognition

Contributions, including unconditional promises to give, are recorded as revenue when received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Kleinlife reports gifts of cash and other assets as restricted support if such gifts are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Gifts for which the donor restriction expires in the same year as the receipt of the gift are included in unrestricted support.

A substantial number of volunteers donate their time to Kleinlife for program services. No amounts have been included in the financial statements for such services since the volunteers' time does not meet the criteria necessary for financial statement recognition.

Use of Donated Facilities

Facility space donated to Kleinlife in furtherance of its mission has been recognized where there is a clearly measurable and objective basis for determining its value (see Note 16).

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that cannot be directly attributed to a specific program are allocated across program and supporting services based upon estimates by management.

RAYMOND AND MIRIAM KLEIN JCC
(d/b/a KLEINLIFE)

NOTES TO FINANCIAL STATEMENTS

1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Kleinlife's policy is to expense advertising costs as incurred. Advertising costs for the years ended August 31, 2018 and 2017 were \$9,658 and \$16,900, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status

Kleinlife qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code ("Code") and similar state statute, and has been classified as an organization that is not a private foundation under Section 509(a) of the Code. Therefore, there is no provision for federal or state income taxes.

Reclassifications

Certain 2017 amounts have been reclassified to conform to the 2018 presentation. These reclassifications have no effect on the previously reported changes in net asstes, including reclassification of \$244,027 from restricted cash to cash and cash equivalents on the statement of financial position.

Recent Accounting Pronouncements

In November 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2016-18 ("ASU 2016-18"), *Statement of Cash Flows (Topic 230) Restricted Cash*. ASU 2016-18 require that a statement of cash flows explain the change during the period in the toal cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. ASU 2016-18 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption was permitted. Kleinlife has adopted ASU 2016-18 for 2018, and has retrospectively revised the 2017 financial statements and disclosures to conform.

**RAYMOND AND MIRIAM KLEIN JCC
(d/b/a KLEINLIFE)**

NOTES TO FINANCIAL STATEMENTS

2 - PRIOR PERIOD RESTATEMENT

Total support and revenues and total expenses were each restated for the year ended August 31, 2017, to include \$1,500,000 for the fair market value of the use of facilities donated by the Jewish Federation of Greater Philadelphia (see Note 16). This restatement has no net effect on the previously reported changes in net assets for the year ended August 31, 2017.

The following is a summary of the restatement:

Total support and revenue, before restatement	\$ 5,058,148
Donated use of facilities	1,500,000
Total support and revenue, as restated	\$ 6,558,148
Total expenses, before restatement	\$ 4,868,300
Donated use of facilities	1,500,000
Total expenses, as restated	\$ 6,368,300

3 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	August 31,	
	2018	2017
Philadelphia Corporation of Aging	\$ 121,532	\$ 58,221
Retired and senior volunteer program	14,478	9,568
SilverSneakers program	5,933	23,342
Camp fees	40,749	41,905
Other	19,437	31,507
	202,129	164,543
Less allowance for doubtful accounts	(5,000)	(5,000)
	\$ 197,129	\$ 159,543

**RAYMOND AND MIRIAM KLEIN JCC
(d/b/a KLEINLIFE)**

NOTES TO FINANCIAL STATEMENTS

4 - GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable consists of various grants and pledges made to support Kleinlife. Valuation of these receivables takes place at the time of contribution. Grants and pledges receivable consist of the following:

	August 31,	
	2018	2017
Amounts due		
Within one year	\$ 346,200	\$ 162,524
Within two to five years	458,206	623,252
	\$ 804,406	\$ 785,776

5 - BUILDING IMPROVEMENTS, FURNITURE AND EQUIPMENT

Building improvements, furniture and equipment consist of the following:

	August 31,	
	2018	2017
Building improvements	\$ 1,843,306	\$ 1,765,536
Furniture and fixtures	110,056	103,452
Computer and equipment	157,024	151,911
Vehicle	14,546	14,546
Construction in progress	212,732	-
Equipment under capital lease	12,472	12,472
	2,350,136	2,047,917
Less accumulated depreciation and amortization	(1,366,939)	(1,149,998)
	\$ 983,197	\$ 897,919

Under an arrangement between the Jewish Federation of Greater Philadelphia (“JFGP”) and Kleinlife, the JFGP has residual rights to all improvements purchased by Kleinlife. The property will vest with the JFGP if Kleinlife ceases to use the property for Kleinlife purposes or discontinue its operations.

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NOTES TO FINANCIAL STATEMENTS

6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

	August 31,	
	2018	2017
Accounts payable	\$ 132,409	\$ 102,562
Accrued payroll	85,134	181,484
Accrued vacation	25,640	37,573
Other accrued expenses	5,250	6,087
	<u>\$ 248,433</u>	<u>\$ 327,706</u>

7 - LINE OF CREDIT

Kleinlife has a \$1,000,000 unsecured line of line of credit agreement with a financial institution that expires on April 1, 2019. Interest is payable on the line of credit at the prime rate plus 1.25%. There was no balance due as of August 31, 2018 and 2017.

8 - OBLIGATIONS UNDER CAPITAL LEASE

Kleinlife has entered into a capital lease that requires monthly payments of \$396, including interest imputed at 9.5% per annum. The lease expires in November 2019.

Scheduled future minimum lease payments required under the capital leases are as follows:

Year Ending August 31,		
2019	\$	4,360
2020		1,189
Total minimum lease payments		<u>5,549</u>
Less amount representing interest		<u>315</u>
Present value of future minimum lease payments		5,234
Less current portion		<u>4,063</u>
Long-term portion	\$	<u>1,171</u>

Accumulated amortization on the asset under the capital lease was \$8,274 and \$4,116 as of August 31, 2018 and 2017, respectively.

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NOTES TO FINANCIAL STATEMENTS

9 - DEFERRED REVENUES

Deferred revenues consist of the following:

	August 31,	
	2018	2017
Deferred rental income	\$ -	\$ 1,875
Deferred program fees	5,000	-
	\$ 5,000	\$ 1,875

10 - COLLECTIVE BARGAINING UNIT

Kleinlife employees consisting of all full and part-time Program Directors, Program Coordinators, Program Assistants, Administrative Assistants, Clerks, and Maintenance Workers, and Drivers, have appointed The American Federation of State, County and Municipal Employees, Local 1739 ("Union") as their collective bargaining agent. The terms of the most recent agreement, executed in November 2018, are effective through October 31, 2019. The Union represents approximately 10% of the work force of Kleinlife.

11 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	August 31,	
	2018	2017
40 th Anniversary Capital Campaign	\$ 1,487,064	\$ 1,486,962
Montgomery County Program	131,933	108,000
Holocaust Survivors	68,059	-
Senior Help Initiative	19,298	17,503
Stiffel Center – Richard Rosin	13,764	13,764
William Singer Memorial Concert	12,307	12,307
Philip Spector Fund	3,809	4,340
Philly Meals	-	5,917
	\$ 1,736,234	\$ 1,648,793

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NOTES TO FINANCIAL STATEMENTS

11 - TEMPORARILY RESTRICTED NET ASSETS (Continued)

Included in temporarily restricted net assets balance at August 31, 2018 and 2017 is \$13,764 of net assets temporarily restricted by the donor for the Stiffel Center, which was closed as of July 29, 2011. The Organization is working with the donor to re-designate the funds. While the ultimate outcome of this matter is presently unknown, management does not expect this matter to have a material adverse impact on the financial statements.

In conjunction with the 40th anniversary of Kleinlife, Kleinlife received pledges towards a capital campaign the purpose of which is for current and future renovations of its main facility, which have begun in 2018, as well as to enable Kleinlife to sustain and enrich programming. As of August 30, 2018 and 2017, \$602,956 and \$713,776, respectively, is still due on these pledges and is included in grants and pledges receivable in the statement of financial position.

12 - RESTRICTED ENDOWMENT NET ASSETS

The Organization's endowment consists of two donor-restricted funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and are reported based on the existence or absence of donor-imposed restrictions.

Restricted endowment net assets consist of the following donor restricted endowments:

	Restricted Endowment Net Assets		
	As of August 31, 2018		
	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds			
Phillip Spector Fund	\$ 3,809	\$ -	\$ 3,809
Levitties Camp Scholarship	-	3,647	3,647
Total	\$ 3,809	\$ 3,647	\$ 7,456

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NOTES TO FINANCIAL STATEMENTS

12 - RESTRICTED ENDOWMENT NET ASSETS (Continued)

	Restricted Endowment Net Assets As of August 31, 2017		
	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds			
Phillip Spector Fund	\$ 4,340	\$ -	\$ 4,340
Levitties Camp Scholarship	-	3,647	3,647
Total	\$ 4,340	\$ 3,647	\$ 7,987

Kleinlife had the following endowment-related activities:

	Changes in Endowment Net Assets Year Ended August 31, 2018		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, Beginning	\$ 4,340	\$ 3,647	\$ 7,987
Investment return			
Investment income	319	-	319
Amounts appropriated for expenditure	(850)	-	(850)
Endowment net assets, ending	\$ 3,809	\$ 3,647	\$ 7,456

	Changes in Endowment Net Assets Year Ended August 31, 2017		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, Beginning	\$ 5,327	\$ 3,647	\$ 8,974
Investment return			
Investment income	253	-	253
Amounts appropriated for expenditure	(1,240)	-	(1,240)
Endowment net assets, ending	\$ 4,340	\$ 3,647	\$ 7,987

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NOTES TO FINANCIAL STATEMENTS

12 - RESTRICTED ENDOWMENT NET ASSETS (Continued)

Spending policy, risk objective and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding of the programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Corpus of the permanently restricted endowment assets is held in perpetuity for the endowments based on donor restrictions. The endowment assets are invested in a money market account at a FDIC insured financial institution. Interest earned on the endowment assets will be expended in accordance with the donor restrictions.

Interpretation of relevant law

The Commonwealth of Pennsylvania has not adopted UPMIFA. State law allows non-profit organization to make an election to adopt a total return investment policy as provided by Act 1411 (1988) of Pennsylvania legislative, 15 Pa.C.S.A section 5548 ("total return election"). The Organization did not make "total return election" and, as such, the Organization is free to adopt any prudent investment policy and to make withdrawals consistent with its goals of preserving the endowment funds while making funds available to fund various events, provide senior services and scholarships in absence of donor restrictions to limit withdrawals from the funds to income or any other explicit restrictions.

13 - COMMITMENTS

Kleinlife has various operating leases that expire at various times through May 2023. In addition, as described in Note 16, the Organization entered into a facility lease agreement expiring August 31, 2025.

The future minimum rental payments required under these leases are as follows:

Year Ending August 31,		
2019	\$	18,996
2020		18,996
2021		18,996
2022		9,203
2023		1,656
	\$	67,847

Rent expense for the years ended August 31, 2018 and 2017 was \$20,963 and \$20,595, respectively.

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NOTES TO FINANCIAL STATEMENTS

14 - MAJOR SUPPORT AND REVENUE

The principal sources of public support and revenue are from the JFGP totaling \$835,000 for each of the years ended August 31, 2018 and 2017, respectively, and governmental grants from the Philadelphia Corporation for Aging in the amounts of \$1,241,876 and \$1,065,447 for the years ended August 31, 2018 and 2017, respectively. Additionally, the use of the facility is donated by the JFGP. Any significant reduction in the level of support and revenue could have an impact on Kleinlife's programs.

15 - CONDITIONAL GRANT RECEIVABLE

In conjunction with the Kleinlife capital renovation project, Kleinlife received a conditional grant in the amount of \$1,500,000 as of August 31, 2018 from the Commonwealth of Pennsylvania Redevelopment Assistance Capital Program ("RACP"), which will provide partial funding for capital improvements. The grant is conditional and is based on the dollar amount of eligible expenditures made by Kleinlife. The grant award will be recorded as grant revenue upon Kleinlife satisfying the criteria, as defined in the grant. Kleinlife expects to meet the conditions and recognize the grant revenue in future years as the capital expenditures are incurred.

16 - LEASES

Kleinlife leases a building from the JFGP, an affiliated agency and funding source, and uses it as a Jewish Community Center and Senior Center. The lease was amended on December 23, 2015 and has a term of ten years expiring December 23, 2025. The annual nominal rent payment for the term of the lease is \$10. In addition, Kleinlife is responsible for insurance, utilities and all necessary repairs and maintenance on the property. In accordance with generally accepted accounting principles, Kleinlife has recorded \$1,500,000 as donated rent expense for the fair market value of this space for each of the years ended August 31, 2018 and 2017. This amount represents management's estimate of the fair rental value for the use of this facility. Under the lease, the Organization is also required to establish a Maintenance Fund no later than each anniversary of the effective date until the Maintenance Fund equals \$350,000 for which the contributions can be used to fund the tenant's obligations for necessary repairs and maintenance.

Kleinlife rents part of the building to sublessors on a long-term basis as well as for recreational purposes on a short-term basis. They have various subleases and rental contracts, whose terms range from several days to several years and expire at various dates through August 2023. Rental income for year years ended August 31, 2018 and 2017, was approximately \$608,000 and \$575,000, respectively.

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NOTES TO FINANCIAL STATEMENTS

16 - LEASES (Continued)

The future minimum rental payments to be received under subleases are as follows:

Year Ending August 31,	
2019	\$ 276,000
2020	270,000
2021	257,000
2022	222,000
2023	210,000
	\$ 1,235,000

17 - PENSION PLANS

When Kleinlife was a member of the Jewish Community Centers of Greater Philadelphia (“JCC”), substantially all of Kleinlife's employees were eligible to participate in a qualified pension plan administered and funded by the JFGP. As a result of the division of JCC, the plan was frozen on September 1, 2011; however, Kleinlife continues to contribute to the pension plan in order to cover those vested in that pension plan.

Kleinlife’s participation in this plan for the years ended August 31, 2018 and 2017 is outlined in the table below. The most recent Pension Protection Act (PPA) zone status in 2018 and 2017 is for the plan’s previous year end. The zone status is based on information that Kleinlife received from the plan and is certified by the plan’s actuary. Among other factors, plans in the yellow zone are between 65% and 80% funded.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act		FIP/RP Status Pending/ Implemented	Surcharge Imposed	Entity Contributions	
		Pension Zone Status				2018	2017
		2018	2017				
Jewish Federation of Greater Philadelphia Retirement Plan	23-1500085	Yellow	Yellow	Yes	No	\$89,990	\$62,136

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NOTES TO FINANCIAL STATEMENTS

17 - PENSION PLANS (Continued)

Effective January 1, 2012, Kleinlife adopted a 401(k) retirement plan (“the Plan”). The Plan offers all eligible employees the opportunity to participate in a tax deferred simple employee retirement plan whereby employees may elect to contribute through payroll deduction amounts subjected to statutory maximums. The Plan provides for a discretionary employer match. Kleinlife made matching contributions totaling \$24,521 and \$27,388 for the years ended August 31, 2018 and 2017, respectively.

18 - UNCERTAIN TAX POSITIONS

Management of Kleinlife considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities, including changes to Kleinlife’s status as a not-for-profit entity. Management believes Kleinlife met the requirements to maintain its tax-exempt status and has not identified any uncertain tax positions subject to the unrelated business income tax that require recognition or disclosure in the accompanying financial statements.

19 - SUBSEQUENT EVENTS

Kleinlife has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through February 1, 2019, the date on which the financial statements were available to be issued. As a result, no material events were noted that would require adjustment to or disclosure in the financial statements.