

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

**FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2020 AND 2019**

**AND**

**INDEPENDENT AUDITORS' REPORT**

**FRIEDMAN LLP<sup>®</sup>**

ACCOUNTANTS AND ADVISORS

**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 statements of financial position as of August 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 financial statements referred to above present fairly, in all material respects, the financial position of Kleinlife as of August 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Friedman LLP". The signature is written in a cursive, flowing style.

Philadelphia, Pennsylvania  
February 8, 2021

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

**STATEMENTS OF FINANCIAL POSITION**

	<b>August 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,307,349	\$ 1,329,623
Accounts receivable, net of allowance for doubtful accounts of \$5,000 in 2020 and 2019	180,680	222,050
Grants and pledges receivable, current portion	212,069	309,111
Prepaid expenses	6,550	34,216
<b>Total current assets</b>	<b>2,706,648</b>	<b>1,895,000</b>
<b>Noncurrent assets</b>		
Grants and pledges receivable, net of current portion	102,943	201,812
Restricted cash for capital improvements	79,759	909,767
Building improvements, furniture and equipment, net of accumulated depreciation and amortization	1,891,581	1,048,622
<b>Total noncurrent assets</b>	<b>2,074,283</b>	<b>2,160,201</b>
<b>Total assets</b>	<b>\$ 4,780,931</b>	<b>\$ 4,055,201</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 238,424	\$ 163,876
Note payable, current portion	207,119	-
Capital lease payable, current portion	-	783
Deferred revenues	635	2,300
<b>Total current liabilities</b>	<b>446,178</b>	<b>166,959</b>
<b>Noncurrent liabilities</b>		
Note payable, net of current portion	292,881	-
<b>Total liabilities</b>	<b>739,059</b>	<b>166,959</b>
<b>Commitments</b>		
<b>Net assets</b>		
Without donor restrictions	3,541,918	2,385,362
With donor restrictions	499,954	1,502,880
<b>Total net assets</b>	<b>4,041,872</b>	<b>3,888,242</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,780,931</b>	<b>\$ 4,055,201</b>

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, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues</b>			
Grants			
Governmental agencies	\$ 922,357	\$ -	\$ 922,357
Jewish Federation of Greater Philadelphia	814,956	-	814,956
General	594,146	94,006	688,152
Donated meals	261,236	-	261,236
Membership fees	168,247	-	168,247
Program service fees	793,107	-	793,107
Contributions (including donated use of facilities of \$1,500,000)	2,126,884	1,307	2,128,191
Rental income	572,417	-	572,417
Other income	25,776	-	25,776
Net assets released from restrictions	1,098,239	(1,098,239)	-
<b>Total support and revenues</b>	<b>7,377,365</b>	<b>(1,002,926)</b>	<b>6,374,439</b>
<b>Expenses</b>			
Program services	5,735,538	-	5,735,538
Management and general	464,769	-	464,769
Fundraising	20,502	-	20,502
<b>Total expenses</b>	<b>6,220,809</b>	<b>-</b>	<b>6,220,809</b>
<b>Changes in net assets</b>	<b>1,156,556</b>	<b>(1,002,926)</b>	<b>153,630</b>
<b>Net assets, beginning of year</b>	<b>2,385,362</b>	<b>1,502,880</b>	<b>3,888,242</b>
<b>Net assets, end of year</b>	<b>\$ 3,541,918</b>	<b>\$ 499,954</b>	<b>\$ 4,041,872</b>

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, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues</b>			
Grants			
Governmental agencies	\$ 1,060,034	\$ -	\$ 1,060,034
Jewish Federation of Greater Philadelphia	834,996	-	834,996
General	243,026	118,234	361,260
Donated meals	230,468	-	230,468
Membership fees	347,124	-	347,124
Program service fees	779,300	-	779,300
Contributions (including donated use of facilities of \$1,500,000)	2,225,526	5,586	2,231,112
Rental income	737,472	-	737,472
Other income	26,412	-	26,412
Net assets released from restrictions	360,821	(360,821)	-
<b>Total support and revenues</b>	<b>6,845,179</b>	<b>(237,001)</b>	<b>6,608,178</b>
<b>Expenses</b>			
Program services	5,751,793	-	5,751,793
Management and general	439,647	-	439,647
Fundraising	22,499	-	22,499
<b>Total expenses</b>	<b>6,213,939</b>	<b>-</b>	<b>6,213,939</b>
<b>Changes in net assets</b>	<b>631,240</b>	<b>(237,001)</b>	<b>394,239</b>
<b>Net assets, beginning of year</b>	<b>1,754,122</b>	<b>1,739,881</b>	<b>3,494,003</b>
<b>Net assets, end of year</b>	<b>\$ 2,385,362</b>	<b>\$ 1,502,880</b>	<b>\$ 3,888,242</b>

See notes to financial statements.

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

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED AUGUST 31, 2020**

	Program Services				Support Services			Total
	Senior Services	Recreation	Early Learning	Total Program Services	Management and General	Fundraising	Total Support Services	
<b>Expenses</b>								
Personnel								
Salaries and wages	\$ 1,491,528	\$ 280,333	\$ 365,581	\$ 2,137,442	\$ 175,417	\$ 14,073	\$ 189,490	\$ 2,326,932
Benefits expense	71,864	8,515	4,963	85,342	19,336	-	19,336	104,678
Payroll taxes and other	137,947	31,066	39,932	208,945	14,037	822	14,859	223,804
Total personnel	1,701,339	319,914	410,476	2,431,729	208,790	14,895	223,685	2,655,414
Other								
Advertising	3,577	-	364	3,941	191	-	191	4,132
Bank and credit card fees	6,931	4,940	5,146	17,017	1,384	-	1,384	18,401
Computer expense	39,980	7,644	3,605	51,229	12,261	903	13,164	64,393
Depreciation and amortization	104,039	20,700	48,367	173,106	5,817	2,971	8,788	181,894
Donated use of facilities	855,000	225,000	345,000	1,425,000	75,000	-	75,000	1,500,000
Equipment leasing	12,147	1,575	1,006	14,728	3,417	-	3,417	18,145
Gift shop expense	59	-	150	209	280	-	280	489
Insurance	50,197	10,850	15,553	76,600	12,225	163	12,388	88,988
Interest expense	-	-	-	-	9	-	9	9
Office supplies	9,794	934	2,398	13,126	2,832	-	2,832	15,958
Outside contractors	36,445	5,797	17,032	59,274	7,943	-	7,943	67,217
Payroll services	7,742	3,978	3,499	15,219	571	-	571	15,790
Printing and postage	10,411	-	172	10,583	6	1,570	1,576	12,159
Professional fees	38,646	-	-	38,646	103,035	-	103,035	141,681
Program expenses								
Food and food supplies	248,299	31	8,051	256,381	-	-	-	256,381
Outside contractors	64,057	-	-	64,057	-	-	-	64,057
Other	9,938	130	325	10,393	-	-	-	10,393
Supplies and equipment	19,674	17,111	15,058	51,843	-	-	-	51,843
Transportation	6,254	-	1,286	7,540	-	-	-	7,540
Trips	21,415	-	-	21,415	-	-	-	21,415
Donated meals	261,236	-	-	261,236	-	-	-	261,236
Instructors	32,392	13,040	73,836	119,268	-	-	-	119,268
Performers	10,695	-	1,150	11,845	-	-	-	11,845
Chaplain	15,880	-	-	15,880	-	-	-	15,880
Rent expense	19,050	-	400	19,450	-	-	-	19,450
Repairs and maintenance	150,532	96,133	53,128	299,793	23,689	-	23,689	323,482
Staff development	604	-	200	804	1,029	-	1,029	1,833
Telephone	23,326	2,421	968	26,715	1,512	-	1,512	28,227
Utilities	144,620	24,370	69,521	238,511	4,778	-	4,778	243,289
Total other expenses	2,202,940	434,654	666,215	3,303,809	255,979	5,607	261,586	3,565,395
<b>Total expenses</b>	<b>\$ 3,904,279</b>	<b>\$ 754,568</b>	<b>\$ 1,076,691</b>	<b>\$ 5,735,538</b>	<b>\$ 464,769</b>	<b>\$ 20,502</b>	<b>\$ 485,271</b>	<b>\$ 6,220,809</b>

See notes to financial statements.



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

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED AUGUST 31, 2019**

	Program Services				Support Services			Total
	Senior Services	Recreation	Early Learning	Total Program Services	Management and General	Fundraising	Total Support Services	
<b>Expenses</b>								
<b>Personnel</b>								
Salaries and wages	\$ 1,618,492	\$ 297,651	\$ 259,977	\$ 2,176,120	\$ 158,055	\$ 13,902	\$ 171,957	\$ 2,348,077
Benefits expense	85,203	10,337	249	95,789	20,719	-	20,719	116,508
Payroll taxes and other	160,404	33,205	32,574	226,183	13,993	789	14,782	240,965
<b>Total personnel</b>	<b>1,864,099</b>	<b>341,193</b>	<b>292,800</b>	<b>2,498,092</b>	<b>192,767</b>	<b>14,691</b>	<b>207,458</b>	<b>2,705,550</b>
<b>Other</b>								
Advertising	2,489	1,000	-	3,489	89	-	89	3,578
Bank and credit card fees	7,449	5,532	5,782	18,763	1,927	-	1,927	20,690
Computer expense	31,552	5,249	2,954	39,755	4,107	2,331	6,438	46,193
Depreciation and amortization	85,393	18,102	33,828	137,323	6,411	2,971	9,382	146,705
Donated use of facilities	855,000	225,000	345,000	1,425,000	75,000	-	75,000	1,500,000
Equipment leasing	13,227	1,653	435	15,315	3,512	170	3,682	18,997
Gift shop expense	881	-	-	881	-	-	-	881
Insurance	58,781	11,703	14,164	84,648	9,516	195	9,711	94,359
Interest expense	-	-	-	-	284	-	284	284
Office supplies	13,899	1,386	1,395	16,680	1,308	-	1,308	17,988
Outside contractors	59,766	9,856	23,874	93,496	3,063	-	3,063	96,559
Payroll services	9,176	4,237	3,383	16,796	768	18	786	17,582
Printing and postage	12,553	586	94	13,233	114	2,037	2,151	15,384
Professional fees	19,425	-	-	19,425	105,951	-	105,951	125,376
<b>Program expense:</b>								
Food and food supplies	194,530	-	2,274	196,804	-	-	-	196,804
Outside contractors	81,744	-	-	81,744	-	-	-	81,744
Other	12,810	3,687	215	16,712	-	-	-	16,712
Supplies and equipment	38,044	40,635	8,478	87,157	-	-	-	87,157
Transportation	13,817	-	14,256	28,073	-	-	-	28,073
Trips	45,014	-	-	45,014	-	-	-	45,014
Donated meals	230,468	-	-	230,468	-	-	-	230,468
Instructors	73,825	31,375	900	106,100	-	-	-	106,100
Performers	16,402	-	-	16,402	-	-	-	16,402
Chaplain	18,505	-	-	18,505	-	-	-	18,505
Rent expense	21,350	-	-	21,350	-	-	-	21,350
Repairs and maintenance	125,758	50,137	46,839	222,734	11,638	33	11,671	234,405
Staff development	3,152	-	713	3,865	6,945	-	6,945	10,810
Telephone	24,292	2,579	564	27,435	2,219	53	2,272	29,707
Utilities	159,921	42,084	64,529	266,534	14,028	-	14,028	280,562
<b>Total other expenses</b>	<b>2,229,223</b>	<b>454,801</b>	<b>569,677</b>	<b>3,253,701</b>	<b>246,880</b>	<b>7,808</b>	<b>254,688</b>	<b>3,508,389</b>
<b>Total expenses</b>	<b>\$ 4,093,322</b>	<b>\$ 795,994</b>	<b>\$ 862,477</b>	<b>\$ 5,751,793</b>	<b>\$ 439,647</b>	<b>\$ 22,499</b>	<b>\$ 462,146</b>	<b>\$ 6,213,939</b>

See notes to financial statements.

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

**STATEMENTS OF CASH FLOWS**

	<b>Year Ended August 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 153,630	\$ 394,239
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	181,894	146,705
Changes in operating assets and liabilities		
Accounts receivable	41,370	(24,921)
Grants and pledges receivable	(16,589)	60,694
Prepaid expenses	27,666	(9,953)
Accounts payable and accrued expenses	74,548	(84,557)
Deferred revenues	(1,665)	(2,700)
Net cash provided by operating activities	460,854	479,507
<b>Cash flows used in investing activities</b>		
Purchase of building improvements, furniture and equipment	(1,024,853)	(212,130)
<b>Cash flows from financing activities</b>		
Collection of grants and pledges restricted for building improvements, furniture and equipment	212,500	232,789
Proceeds from note payable	500,000	-
Payment of capital lease obligation	(783)	(4,451)
Net cash provided by financing activities	711,717	228,338
<b>Net increase in cash, cash equivalents and restricted cash</b>	<b>147,718</b>	<b>495,715</b>
<b>Cash, cash equivalents and restricted cash, beginning of year</b>	<b>2,239,390</b>	<b>1,743,675</b>
Cash, cash equivalents and restricted cash, end of year	\$ 2,387,108	\$ 2,239,390
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	\$ 2,307,349	\$ 1,329,623
Restricted cash for capital improvements	79,759	909,767
Total cash, cash equivalents and restricted cash	\$ 2,387,108	\$ 2,239,390
<b>Supplemental cash flow disclosures</b>		
Cash paid during the year for interest	\$ 9	\$ 284

See notes to financial statements.

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

**NOTES TO FINANCIAL STATEMENTS**

**1 - 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.

A description of each of Kleinlife’s programs is as follows:

*Senior Services* – Kleinlife’s Active Adult Life program offers an array of activities to nourish and stimulate the mind, body, health and spirit for seniors and adults.

*Recreation* – Kleinlife offers a fitness center, swimming pool, sauna and more to help individuals exercise and maintain a healthy lifestyle.

*Early Learning* - Kleinlife has a warm and welcome environment for children and families. Kleinlife offers camp, before and after school care and excellent programming for children of all ages.

**2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements of Kleinlife have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (“US GAAP”).

**Net Assets**

Net assets, revenues, gains and other support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. From time to time the Board of Directors may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

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

**NOTES TO FINANCIAL STATEMENTS**

**2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Assets (Continued)**

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events or purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

**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. The allowance for doubtful accounts was \$5,000 as of August 31, 2020 and 2019.

**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.

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

**NOTES TO FINANCIAL STATEMENTS**

**2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Restricted Cash**

Restricted cash includes cash received from donors from the capital campaign, which has not yet been spent.

**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.

**Deferred Revenues**

Deferred revenue includes revenue that has been received but not earned at year-end and consists mainly of unearned income from space rentals, memberships, childcare and various program services, which are to be recognized as income ratably over the future periods covered.

**Support and Revenue Recognition**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) ("ASC 606"). The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an organization providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the organization's contracts with customers. The standard supersedes existing revenue recognition guidance for contracts with customers. This standard was effective for annual reporting periods beginning after December 15, 2018. Effective September 1, 2019, Kleinlife adopted ASC 606 using the modified retrospective method. There was no cumulative effect of adopting ASC 606 to be recognized as an adjustment to opening net assets as of September 1, 2019. The initial application was applied to all contracts outstanding at September 1, 2019.

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

**NOTES TO FINANCIAL STATEMENTS**

**2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Support and Revenue Recognition (continued)**

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities— Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This ASU provides a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. Kleinlife adopted ASU 2018-08 effective September 1, 2019 on a modified prospective basis. The adoption of this ASU did not impact the financial statements.

*Contributions and Grants* – In accordance with ASU 2018-08, grants awarded to Kleinlife for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the grant agreements are met. Unconditional promises to give cash and other assets to Kleinlife are reported as contributions and grants and recorded at fair value on the date the promise is received. All contributions are considered to be available for use without restriction unless specifically restricted by the donor. Contributions received for specific purposes or with donor stipulations are reported as increases in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized.

In accordance with ASC 606, Kleinlife recognizes contract revenue when the following criteria are met: 1) Contract with the customer has been identified; 2) Performance obligations in the contract have been identified; 3) Transaction price has been determined; 4) The transaction price has been allocated to the performance obligations; and 5) When (or as) performance obligations are satisfied.

*Membership fees* – Kleinlife enters into contracts with customers for annual membership access to the facilities and amenities available and/or the premises. Memberships are considered an exchange transaction and recognized over time over the course of the membership period. Revenue from membership fees recognized over time was \$168,247 and \$347,124 for the years ended August 31, 2020 and 2019, respectively.

*Program service fees* –

*Childcare and camp fees* – Kleinlife operates both a before and after school program. Childcare and camp revenue is recognized over time as the services are performed over the course of the registered time period. Revenue from childcare and camp fees recognized over time was \$112,014 and \$150,077 for the years ended August 31, 2020 and 2019, respectively.

**RAYMOND AND MIRIAM KLEIN JCC  
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**NOTES TO FINANCIAL STATEMENTS**

**2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Support and Revenue Recognition (continued)**

*Program service fees (continued)*

*Class fees* – Kleinlife hosts a variety of classes, trips, outings and events that are typically located at the Kleinlife main facility. Tickets to classes or events may be purchased by members and non-members and revenue is recognized at a point in time when the event or class takes place. Revenue from class fees recognized at a point in time was \$572,013 and \$525,572 for the years ended August 31, 2020 and 2019, respectively.

*Catered meals fees* – Kleinlife provides prepared meal delivery services and in-house catered meals where meals and other foods and baked goods are sold. Revenue is recognized at a point in time when the catered meal is provided or the meals are delivered through the home delivery service. Revenue from catered meals fees recognized at a point in time was \$109,080 and \$103,651 for the years ended August 31, 2020 and 2019, respectively.

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.

**In-kind Contributions**

In-kind contributions are recorded at their fair market value at the time of receipt and are included in the financial statements as revenue and expense. Philadelphia Corporation for Aging donated meals totaling \$261,236 and \$230,468, respectively, for the years ended August 31, 2020 and 2019. In addition, facility space donated to Kleinlife in furtherance of its mission has been recorded (see Note 16).

**Functional Allocation of Expenses**

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. Kleinlife incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. Kleinlife also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e. fundraising and management and general activities). The financial statements report certain categories of expenses that are attributed to more than one program or supporting function, therefore expenses require allocation on a reasonable basis that is consistently applied. Salaries, employee benefits, and payroll taxes are allocated based on estimates of time and effort incurred by personnel. Depreciation, maintenance and utilities are allocated based on square footage. Other expenses are based on actual costs directly related to the program services and supporting service categories.

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**NOTES TO FINANCIAL STATEMENTS**

**2 - 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, 2020 and 2019 were \$4,132 and \$3,578, respectively.

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP 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.

**3 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

Kleinlife's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	August 31,	
	2020	2019
Cash and cash equivalents	\$ 2,307,349	\$ 1,329,623
Accounts receivable	180,680	222,050
Grants and pledges receivable	212,069	309,111
<u>Total financial assets available within one year</u>	<u>2,700,098</u>	<u>1,860,784</u>
Less: amounts unavailable for general expenditures within one year, due to donor's restriction with time and purpose restrictions*	(313,604)	(387,655)
Less: amounts restricted in perpetuity	(3,647)	(3,647)
<u>Total financial assets available to management for general expenditure within one year</u>	<u>\$ 2,382,847</u>	<u>\$ 1,469,482</u>



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**NOTES TO FINANCIAL STATEMENTS**

**3 - LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)**

\*\$79,759 in 2020 and \$909,767 in 2019 of restricted cash for capital improvements has been excluded from this amount because it is not included in financial assets available within the next year.

Kleinlife's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and planned increases in program expenditures in fiscal year 2020.

Kleinlife has certain time and purpose restricted contributions which are available for general expenditure in the next year, which are included as liquid assets available in the next year. Accordingly, these assets have been included in the above table of financial assets available to meet general expenditures within one year.

**Liquidity Management**

Kleinlife has various sources of liquidity at its disposal, including cash and cash equivalents, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of Kleinlife throughout the year. This is done through monitoring and reviewing Kleinlife's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of Kleinlife's cash flow related to Kleinlife's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs or to support organizational initiatives. To help manage unanticipated liquidity needs, Kleinlife has a committed line of credit of \$1,000,000, which was entirely unused and available to draw upon as of August 31, 2020.

**4 - ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following:

	August 31,	
	2020	2019
Philadelphia Corporation of Aging	\$ 129,511	\$ 144,861
Retired and senior volunteer program	9,588	18,113
SilverSneakers program	250	14,423
Camp fees	45,714	31,715
Other	617	17,938
	<hr/> 185,680	<hr/> 227,050
Less allowance for doubtful accounts	(5,000)	(5,000)
	<hr/> \$ 180,680	<hr/> \$ 222,050

**RAYMOND AND MIRIAM KLEIN JCC  
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**NOTES TO FINANCIAL STATEMENTS**

**5 - 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,	
	2020	2019
Amounts due		
Within one year	\$ 212,069	\$ 309,111
Within two to five years	102,943	201,812
	\$ 315,012	\$ 510,923

**6 - BUILDING IMPROVEMENTS, FURNITURE AND EQUIPMENT**

Building improvements, furniture and equipment consist of the following:

	August 31,	
	2020	2019
Building improvements	\$ 3,275,971	\$ 2,248,712
Furniture and fixtures	110,056	110,056
Computer and equipment	169,497	157,024
Vehicle	14,546	14,546
Construction in progress	17,049	19,456
Equipment under capital lease	-	12,472
	3,587,119	2,562,266
Less: accumulated depreciation and amortization	(1,695,538)	(1,513,644)
	\$ 1,891,581	\$ 1,048,622

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

**RAYMOND AND MIRIAM KLEIN JCC  
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**NOTES TO FINANCIAL STATEMENTS**

**7 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consist of the following:

	August 31,	
	2020	2019
Accounts payable	\$ 96,205	\$ 84,059
Accrued payroll	49,592	53,826
Payroll taxes payable (a)	59,395	-
Accrued vacation	18,501	23,271
Other accrued expenses	14,731	2,720
	<u>\$ 238,424</u>	<u>\$ 163,876</u>

(a) Deferred payroll taxes per section 2302 of the Coronavirus, Aid, Relief and Economic Security Act, CARES Act permitting the deferral of employer portion of Social Security taxes until the following year.

**8 - LINE OF CREDIT**

Kleinlife has a \$1,000,000 unsecured line of credit agreement with a financial institution due on demand. Interest is payable on the line of credit at the prime rate plus 0.50%. There was no balance outstanding as of August 31, 2020 and 2019.

**9 - NOTE PAYABLE**

On April 21, 2020, Kleinlife qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$500,000 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon Kleinlife's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by Kleinlife.

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**NOTES TO FINANCIAL STATEMENTS**

**9 - NOTE PAYABLE** (continued)

Kleinlife intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, Kleinlife will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020 principal and interest payments will be required through the maturity date in May 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

Future maturities of the note payable are as follows:

Year Ending August 31,		
2021	\$	207,119
2022		292,881
	\$	500,000

**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 2019, are effective through October 31, 2022. The Union represents approximately 10% of the work force of Kleinlife.

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**NOTES TO FINANCIAL STATEMENTS**

**11 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods:

	August 31,	
	2020	2019
Subject to expenditure for specified purposes:		
40 <sup>th</sup> Anniversary Capital Campaign	\$ 248,580	\$ 1,279,934
Montgomery County Program	50,265	71,186
Holocaust Survivors	-	-
Diabetes management	72,390	106,340
Reversing Isolation	94,006	-
Senior Help Initiative	-	7,097
Stiffel Center – Richard Rosin	13,764	13,764
William Singer Memorial Concert	12,307	12,307
Philip Spector Fund	4,995	3,903
Levitties Camp Scholarship – in perpetuity	3,647	3,647
Sunday school	-	4,702
	<b>\$ 499,954</b>	<b>\$ 1,502,880</b>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by the expiration of a time restriction or by the occurrence of other events specified by donors as follows:

	August 31,	
	2020	2019
Purpose restriction accomplished:		
40 <sup>th</sup> Anniversary Capital Campaign	\$ 1,031,354	\$ 212,130
Montgomery County Program	21,000	61,334
Diabetes management	33,951	-
Holocaust Survivors	-	68,059
Senior Help Initiative	7,097	19,298
Sunday school	4,702	-
Philip Spector Fund	135	-
	<b>\$ 1,098,239</b>	<b>\$ 360,821</b>

**RAYMOND AND MIRIAM KLEIN JCC  
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**NOTES TO FINANCIAL STATEMENTS**

**12 - RESTRICTED ENDOWMENT NET ASSETS**

Kleinlife’s endowment consists of two donor-restricted funds. As required by U.S. GAAP, 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:

	August 31,	
	2020	2019
Donor-restricted endowment funds		
Phillip Spector Fund	\$ 4,995	\$ 3,903
Levitties Camp Scholarship	3,647	3,647
Total	\$ 8,642	\$ 7,550

Kleinlife had the following endowment-related activities:

	Changes in Endowment Net Assets Year Ended August 31,	
	2019	2018
Endowment net assets, Beginning	\$ 7,550	\$ 7,456
Contributions	1,227	-
Investment return		
Interest income	-	94
Amounts appropriated for expenditure	(135)	-
	\$ 8,642	\$ 7,550

**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 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.

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**NOTES TO FINANCIAL STATEMENTS**

**12 - RESTRICTED ENDOWMENT NET ASSETS (Continued)**

**Interpretation of relevant law**

The Commonwealth of Pennsylvania has not adopted the Uniform Prudent Management of Institutional Funds Act. State law allows non-profit organizations 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 a "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, Kleinlife 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,	
2021	\$ 18,996
2022	9,203
2023	1,656
	<u>\$ 29,855</u>

Rent expense for the years ended August 31, 2020 and 2019 was \$19,450 and \$21,350, respectively.

**14 - MAJOR SUPPORT AND REVENUE**

The principal sources of public support and revenue are from the JFGP totaling approximately \$815,000 and \$835,000 for the years ended August 31, 2020 and 2019, respectively, and governmental grants from the Philadelphia Corporation for Aging ("PCA") in the amounts of \$790,831 and \$930,278 for the years ended August 31, 2020 and 2019, respectively. Additionally, the use of the facility is donated by the JFGP and a substantial amount of donated meals are received from PCA. Any significant reduction in the level of support and revenue could have an impact on Kleinlife's programs.

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**NOTES TO FINANCIAL STATEMENTS**

**15 - CONDITIONAL GRANT RECEIVABLE**

In conjunction with the Kleinlife capital renovation project, Kleinlife received a conditional grant in the amount of \$1,500,000 during the year ended 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 and approved by RACP. The grant award will be recorded as grant revenue upon Kleinlife satisfying the criteria, as defined in the grant, and receiving approval by the RACP. The expenditures and improvements made are still under the review of RACP and have not yet been approved. As of August 31, 2020, no revenue has been recognized under this grant.

**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 U.S. GAAP, 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, 2020 and 2019. 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 has not established a fund as it is understood that the capital improvements and repairs completed in the past several years have fulfilled their obligation and therefore, contributions to a fund are not necessary.

Kleinlife rents part of the building to sub-lessors 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 2025. Rental income for year years ended August 31, 2020 and 2019, was \$572,417 and \$737,472, 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,	
2021	\$ 325,000
2022	270,000
2023	252,000
2024	18,000
2025	18,000
	\$ 883,000

**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, 2020 and 2019 is outlined in the table below. The most recent Pension Protection Act (PPA) zone status in 2019 and 2018 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 green zone are greater than 80% funded, plans in the yellow zone are between 65% and 80% funded, and plans in the red zone are less than 65% funded.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act		FIP/RP Status Pending/ Implemented	Surcharge Imposed	Entity Contributions	
		Pension Zone Status				2020	2019
		2020	2019			2020	2019
Jewish Federation of Greater Philadelphia Retirement Plan	23-1500085	Green	Green	Yes	No	\$72,246	\$81,404

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 \$19,733 and \$22,513 for the years ended August 31, 2020 and 2019, respectively.

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**NOTES TO FINANCIAL STATEMENTS**

**18 - RELATED PARTY TRANSACTIONS**

Kleinlife pays for services provided by a law firm for whom a member of the board of directors is a partner of the firm. Legal fees paid to the firm amounted to \$24,000 for each of the years ended August 31, 2020 and 2019.

Contributions include amounts contributed by board members of Kleinlife of \$249,244 and \$197,348, respectively, in the years ended August 31, 2020 and 2019.

**19 - 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.

**20 - RISKS AND UNCERTAINTIES**

The spread of a novel strain of coronavirus (COVID-19) around the world in 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, Kleinlife is unable to determine if it will have a material impact to its operations.

**21 - SUBSEQUENT EVENTS**

Kleinlife has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through February 8, 2021, the date on which the financial statements were available to be issued.