

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

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

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

**CONTENTS**

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**Independent Auditors' Report** .....1-2

**Financial Statements**

Statements of Financial Position .....3-4  
Statements of Activities and Changes in Net Assets.....5-6  
Statements of Functional Expenses .....7-10  
Statements of Cash Flows ..... 11

**Notes to Financial Statements** .....12-28

## INDEPENDENT AUDITORS' REPORT

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

### *Opinion*

We have audited the 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, 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Kleinlife as of August 31, 2022, 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.

### *Basis for Opinion*

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

### *Prior Period Financial Statements*

The financial statements of Kleinlife as of and for the year ended August 31, 2021 were audited by Friedman LLP whose practice was combined with Marcum LLP as of September 1, 2022, and whose report dated February 17, 2022, expressed an unmodified opinion on those statements.

### *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 Kleinlife's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### *Auditors' 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 auditors' 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 Kleinlife'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 Kleinlife'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.

*Marcum LLP*

Philadelphia, Pennsylvania

February 21, 2023

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

**STATEMENTS OF FINANCIAL POSITION**

**AUGUST 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,072,764	\$ 3,706,611
Accounts receivable, net of allowance for doubtful accounts of \$5,000 each in 2022 and 2021	168,536	151,932
Grants and pledges receivable, current portion	29,333	75,665
Prepaid expenses	<u>11,519</u>	<u>7,813</u>
<b>Total Current Assets</b>	<u>3,282,152</u>	<u>3,942,021</u>
<b>Noncurrent Assets</b>		
Grants and pledges receivable, net of current portion	29,334	31,834
Building improvements, furniture and equipment, net of accumulated depreciation and amortization	<u>2,560,263</u>	<u>1,787,823</u>
<b>Total Noncurrent Assets</b>	<u>2,589,597</u>	<u>1,819,657</u>
<b>Total Assets</b>	<u>\$ 5,871,749</u>	<u>\$ 5,761,678</u>

*The accompanying notes are an integral part of these financial statements.*

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

**STATEMENTS OF FINANCIAL POSITION**

**AUGUST 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 347,323	\$ 592,155
Deferred revenues	<u>5,000</u>	<u>25,000</u>
<b>Total Current Liabilities</b>	352,323	617,155
<b>Total Liabilities</b>	<u>352,323</u>	<u>617,155</u>
<b>Commitments</b>		
<b>Net Assets</b>		
Without donor restrictions	5,230,032	4,897,346
With donor restrictions	<u>289,394</u>	<u>247,177</u>
<b>Total Net Assets</b>	<u>5,519,426</u>	<u>5,144,523</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 5,871,749</u>	<u>\$ 5,761,678</u>

*The accompanying notes are an integral part of these financial statements.*

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

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED AUGUST 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenues</b>			
Grants			
Governmental agencies	\$ 783,462	\$ --	\$ 783,462
Jewish Federation of Greater Philadelphia	635,841	--	635,841
General	385,641	98,300	483,941
Donated meals	166,333	--	166,333
Membership fees	197,786	--	197,786
Program service fees	517,430	--	517,430
Contributions	903,600	146	903,746
Donated use of facilities	1,500,000	--	1,500,000
Rental income	774,817	--	774,817
Other income	2,443	--	2,443
Net assets released from restrictions	56,229	(56,229)	--
<b>Total Support and Revenues</b>	<b>5,923,582</b>	<b>42,217</b>	<b>5,965,799</b>
<b>Expenses</b>			
Program services	5,159,036	--	5,159,036
Management and general	412,592	--	412,592
Fundraising	19,268	--	19,268
<b>Total Expenses</b>	<b>5,590,896</b>	<b>--</b>	<b>5,590,896</b>
<b>Changes in Net Assets</b>	<b>332,686</b>	<b>42,217</b>	<b>374,903</b>
<b>Net Assets, Beginning</b>	<b>4,897,346</b>	<b>247,177</b>	<b>5,144,523</b>
<b>Net Assets, Ending</b>	<b>\$ 5,230,032</b>	<b>\$ 289,394</b>	<b>\$ 5,519,426</b>

*The accompanying notes are an integral part of these financial statements.*

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

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED AUGUST 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenues</b>			
Grants			
Governmental agencies	\$ 792,162	\$ --	\$ 792,162
Jewish Federation of Greater Philadelphia	753,330	--	753,330
General	1,224,278	50,000	1,274,278
Donated meals	170,763	--	170,763
Membership fees	96,991	--	96,991
Program service fees	601,531	--	601,531
Contributions	749,028	164	749,192
Donated use of facilities	1,500,000	--	1,500,000
Rental income	651,345	--	651,345
Other income	2,072	--	2,072
Net assets released from restrictions	<u>302,941</u>	<u>(302,941)</u>	<u>--</u>
<b>Total Support and Revenues</b>	<u>6,844,441</u>	<u>(252,777)</u>	<u>6,591,664</u>
<b>Expenses</b>			
Program services	5,481,752	--	5,481,752
Management and general	487,450	--	487,450
Fundraising	<u>19,811</u>	<u>--</u>	<u>19,811</u>
<b>Total Expenses</b>	<u>5,989,013</u>	<u>--</u>	<u>5,989,013</u>
<b>Changes in Net Assets From Operations</b>	<u>855,428</u>	<u>(252,777)</u>	<u>602,651</u>
<b>Nonoperating</b>			
Forgiveness of debt - Paycheck Protection Program	<u>500,000</u>	<u>--</u>	<u>500,000</u>
<b>Changes in Net Assets</b>	1,355,428	(252,777)	1,102,651
<b>Net Assets, Beginning</b>	<u>3,541,918</u>	<u>499,954</u>	<u>4,041,872</u>
<b>Net Assets, Ending</b>	<u>\$ 4,897,346</u>	<u>\$ 247,177</u>	<u>\$ 5,144,523</u>

*The accompanying notes are an integral part of these financial statements.*



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

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED AUGUST 31, 2022**

	Program Services			Support Services			Total
	Senior Services	Recreation	Early Learning	Total Program Services	Management and General	Fundraising	
<b>Expenses</b>							
Personnel							
Salaries and wages	\$ 1,118,879	\$ 257,274	\$ 371,732	\$ 1,747,885	\$ 180,025	\$ 16,637	\$ 1,944,547
Benefits expense	81,603	11,092	6,437	99,132	27,335	--	126,467
Payroll taxes and other	99,507	26,897	36,254	162,658	14,850	882	178,390
<b>Total Personnel Expenses</b>	<u>1,299,989</u>	<u>295,263</u>	<u>414,423</u>	<u>2,009,675</u>	<u>222,210</u>	<u>17,519</u>	<u>2,249,404</u>
<b>Other</b>							
Advertising	1,530	--	550	2,080	1,368	--	3,448
Bank and credit card fees	6,992	5,767	5,978	18,737	1,787	--	20,524
Computer expense	40,848	4,690	6,490	52,028	3,021	325	55,374
Depreciation and amortization	74,272	14,109	35,118	123,499	2,382	1,224	127,105
Donated use of facilities	855,000	225,000	345,000	1,425,000	75,000	--	1,500,000
Equipment leasing	13,090	1,690	1,364	16,144	3,463	33	19,640
Gift shop expense	--	--	163	163	--	--	163
Insurance	45,921	11,380	17,365	74,666	14,806	134	89,606
Office supplies	10,943	2,436	3,754	17,133	2,734	--	19,867
Outside contractors	56,202	9,527	28,266	93,995	1,868	--	95,863
Payroll services	6,942	3,625	3,107	13,674	564	--	14,238
Printing and postage	5,036	31	328	5,395	6	--	5,401
Professional fees	16,700	--	112,309	129,009	59,275	--	188,284

*The accompanying notes are an integral part of these financial statements.*

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

**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**

**FOR THE YEAR ENDED AUGUST 31, 2022**

	Program Services				Support Services			Total
	Senior Services	Recreation	Early Learning	Total Program Services	Management and General	Fundraising	Total Support Services	
Program expenses:								
Food and food supplies	\$ 159,529	\$ --	\$ 11,710	\$ 171,239	\$ 2,253	\$ --	\$ 2,253	\$ 173,492
Outside contractors	52,375	1,067	3,044	56,486	209	--	209	56,695
Other	8,185	10	285	8,480	6,373	--	6,373	14,853
Supplies and equipment	14,614	16,886	14,428	45,928	10	--	10	45,938
Transportation	1,836	--	480	2,316	38	--	38	2,354
Donated meals	166,333	--	--	166,333	--	--	--	166,333
Instructors	46,421	--	9,390	55,811	--	--	--	55,811
Performers	3,430	--	2,030	5,460	--	--	--	5,460
Chaplain	7,500	--	--	7,500	--	--	--	7,500
Rent expense	11,725		--	11,725	--	--	--	11,725
Repairs and maintenance	204,120	85,630	70,340	360,090	7,260	33	7,293	367,383
Staff development	473	255	1,345	2,073	605	--	605	2,678
Telephone	30,684	3,981	1,592	36,257	2,389	--	2,389	38,646
Utilities	150,451	25,356	72,333	248,140	4,971	--	4,971	253,111
<b>Total Other Expenses</b>	<u>1,991,152</u>	<u>411,440</u>	<u>746,769</u>	<u>3,149,361</u>	<u>190,382</u>	<u>1,749</u>	<u>192,131</u>	<u>3,341,492</u>
<b>Total Expenses</b>	<u>\$ 3,291,141</u>	<u>\$ 706,703</u>	<u>\$ 1,161,192</u>	<u>\$ 5,159,036</u>	<u>\$ 412,592</u>	<u>\$ 19,268</u>	<u>\$ 431,860</u>	<u>\$ 5,590,896</u>

*The accompanying notes are an integral part of these financial statements.*

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

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED AUGUST 31, 2021**

	Program Services			Support Services			Total
	Senior Services	Recreation	Early Learning	Total Program Services	Management and General	Fundraising	
<b>Expenses</b>							
Personnel							
Salaries and wages	\$ 1,279,336	\$ 231,864	\$ 439,083	\$ 1,950,283	\$ 210,723	\$ 15,507	\$ 2,176,513
Benefits expense	88,473	11,167	6,397	106,037	23,247	--	129,284
Payroll taxes and other	112,448	23,547	47,541	183,536	15,543	820	199,899
<b>Total Personnel Expenses</b>	<u>1,480,257</u>	<u>266,578</u>	<u>493,021</u>	<u>2,239,856</u>	<u>249,513</u>	<u>16,327</u>	<u>2,505,696</u>
<b>Other</b>							
Advertising	2,193	--	364	2,557	--	--	2,557
Bank and credit card fees	5,892	4,559	4,874	15,325	362	--	15,687
Computer expense	42,556	6,168	4,925	53,649	3,797	390	57,836
Depreciation and amortization	263,965	46,737	127,083	437,785	10,756	2,971	451,512
Donated use of facilities	855,000	225,000	345,000	1,425,000	75,000	--	1,500,000
Equipment leasing	11,785	1,521	1,099	14,405	3,346	--	17,751
Insurance	46,991	10,691	15,514	73,196	12,993	123	86,312
Office supplies	8,162	424	1,212	9,798	3,384	--	13,182
Outside contractors	409	--	881	1,290	--	--	1,290
Payroll services	6,688	3,511	3,009	13,208	502	--	13,710
Printing and postage	6,056	--	--	6,056	--	--	6,056
Professional fees	21,700	--	--	21,700	108,322	--	130,022

*The accompanying notes are an integral part of these financial statements.*

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

**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**

**FOR THE YEAR ENDED AUGUST 31, 2021**

	Program Services				Support Services			Total
	Senior Services	Recreation	Early Learning	Total Program Services	Management and General	Fundraising	Total Support Services	
Program expense:								
Food and food supplies	\$ 261,145	\$ --	\$ 9,275	\$ 270,420	\$ 1,242	\$ --	\$ 1,242	\$ 271,662
Outside contractors	68,730	--	--	68,730	--	--	--	68,730
Other	10,598	--	40	10,638	360	--	360	10,998
Supplies and equipment	28,851	14,601	10,722	54,174	32	--	32	54,206
Transportation	1,925	--	1,482	3,407	34	--	34	3,441
Donated meals	170,763	--	--	170,763	--	--	--	170,763
Instructors	13,390	280	2,370	16,040	--	--	--	16,040
Performers	260	--	390	650	--	--	--	650
Rent expense	--	41	--	41	--	--	--	41
Repairs and maintenance	180,856	70,285	49,609	300,750	9,285	--	9,285	310,035
Staff development	80	--	623	703	1,425	--	1,425	2,128
Telephone	26,240	3,215	1,722	31,177	2,285	--	2,285	33,462
Utilities	145,870	24,545	70,019	240,434	4,812	--	4,812	245,246
<b>Total Other Expenses</b>	<u>2,180,105</u>	<u>411,578</u>	<u>650,213</u>	<u>3,241,896</u>	<u>237,937</u>	<u>3,484</u>	<u>241,421</u>	<u>3,483,317</u>
<b>Total Expenses</b>	<u>\$ 3,660,362</u>	<u>\$ 678,156</u>	<u>\$ 1,143,234</u>	<u>\$ 5,481,752</u>	<u>\$ 487,450</u>	<u>\$ 19,811</u>	<u>\$ 507,261</u>	<u>\$ 5,989,013</u>

*The accompanying notes are an integral part of these financial statements.*

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

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

	2022	2021
<b>Cash Flows From Operating Activities</b>		
Changes in net assets	\$ 374,903	\$ 1,102,651
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	127,105	451,512
Contributed securities	(154,092)	--
Forgiveness of debt - Paycheck Protection Program	--	(500,000)
Contributions restricted for long-term purposes	--	(850,000)
Changes in operating assets and liabilities		
Accounts receivable	(16,604)	28,748
Grants and pledges receivable	43,832	113,513
Prepaid expenses	(3,706)	(1,263)
Accounts payable and accrued expenses	(244,832)	353,731
Deferred revenues	<u>(20,000)</u>	<u>24,365</u>
<b>Net Cash Provided by Operating Activities</b>	<u>106,606</u>	<u>723,257</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	154,092	--
Purchase of building improvements, furniture and equipment	<u>(899,545)</u>	<u>(347,754)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(745,453)</u>	<u>(347,754)</u>
<b>Cash Flows From Financing Activities</b>		
Collection of grants and pledges restricted for building improvements, furniture and equipment	5,000	94,000
Contributions restricted for long-term purposes	<u>--</u>	<u>850,000</u>
<b>Net Cash Provided by Financing Activities</b>	<u>5,000</u>	<u>944,000</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(633,847)	1,319,503
<b>Cash and Cash Equivalents, Beginning</b>	<u>3,706,611</u>	<u>2,387,108</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 3,072,764</u>	<u>\$ 3,706,611</u>

*The accompanying notes are an integral part of these financial statements.*

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

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**NOTE 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.

**NOTE 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 accounting principles generally accepted in the United States of America (“U.S. 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**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

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**NOTE 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 Kleinlife 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 receivables are written off when management determines an account is uncollectible. The allowance for doubtful accounts was \$5,000 as of August 31, 2022 and 2021.

***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**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***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.

Changes in circumstances such as technological advances, changes to Kleinlife's internal operations, or changes in the planned use of building improvements, furniture and equipment could result in the actual useful lives differing from Kleinlife's current estimates. In those cases where Kleinlife determines that the useful life of building improvements, furniture and equipment should be shortened or extended, Kleinlife would depreciate the net book value in excess of the estimated salvage value over its revised remaining useful life.

During the year ended August 31, 2021, management reviewed the estimated useful lives of certain building improvements and their ongoing use. Based upon this review, management revised the estimated useful lives of certain assets after considering Kleinlife's historical use of building improvements and expected future enhancements to the building. Management believes this change in estimate was appropriate given Kleinlife's commitment to and invested capital in the future of the Kleinlife community. As a result, the remaining useful lives of certain building improvements with a carrying value of \$271,692 were shortened to coincide with the expected service life of the assets in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 250, *Accounting Changes and Error Corrections*. The change in estimate increased depreciation expense by \$271,692 for the year ended August 31, 2021.

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**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***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. The balance of deferred revenues as of September 1, 2019 was \$635.

***SUPPORT AND REVENUE RECOGNITION***

*Contributions and Grants* - Kleinlife recognizes revenue from contributions and grants in accordance with FASB ASC 958, *Not-for-Profit Entities*. 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.

Kleinlife recognizes contract revenue in accordance with ASC 606, *Revenue from Contracts with Customers*, 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 \$197,786 and \$96,991 for the years ended August 31, 2022 and 2021, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***SUPPORT AND REVENUE RECOGNITION (CONTINUED)***

***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 \$26,551 and \$18,917 for the years ended August 31, 2022 and 2021, respectively.

*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 \$378,563 and \$435,540 for the years ended August 31, 2022 and 2021, 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 \$112,316 and \$147,074 for the years ended August 31, 2022 and 2021, 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 \$166,333 and \$170,763, respectively, for the years ended August 31, 2022 and 2021. 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 statements of functional expenses. Kleinlife incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***FUNCTIONAL ALLOCATION OF EXPENSES (CONTINUED)***

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.

***ADVERTISING***

Kleinlife's policy is to expense advertising costs as incurred. Advertising costs for the years ended August 31, 2022 and 2021 were \$3,448 and \$2,557, respectively.

***USE OF ESTIMATES***

The preparation of financial statements in conformity with U.S. 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

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**NOTE 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,	
	2022	2021
Cash and cash equivalents	\$ 3,072,764	\$ 3,706,611
Accounts receivable, net	168,536	151,932
Grants and pledges receivable, current portion	<u>29,333</u>	<u>75,665</u>
<b>Total Financial Assets Available Within One Year</b>	3,270,633	3,934,208
Less: amounts unavailable for general expenditures within one year, due to donor's restriction with time and purpose restrictions	(285,748)	(243,530)
Less: amounts restricted in perpetuity	<u>(3,647)</u>	<u>(3,647)</u>
<b>Total Financial Assets Available to Management for General Expenditure Within One Year</b>	<u>\$ 2,981,238</u>	<u>\$ 3,687,031</u>

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 2023.

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.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

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**NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)**

***LIQUIDITY MANAGEMENT (CONTINUED)***

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, 2022.

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable, net consist of the following:

	<u>August 31,</u>	
	<u>2022</u>	<u>2021</u>
Philadelphia Corporation of Aging	\$ 69,352	\$ 85,703
Health Partners	26,412	31,590
SilverSneakers program	4,905	1,575
Camp fees	70,547	21,673
Montgomery County - Senior Program	--	15,459
Other	<u>2,320</u>	<u>932</u>
	173,536	156,932
Less: allowance for doubtful accounts	<u>(5,000)</u>	<u>(5,000)</u>
	<u>\$ 168,536</u>	<u>\$ 151,932</u>

**NOTE 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

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**NOTE 5 - GRANTS AND PLEDGES RECEIVABLE (CONTINUED)**

Grants and pledges receivable consist of the following:

	August 31,	
	2022	2021
Amounts due		
Within one year	\$ 29,333	\$ 75,665
Within two to five years	<u>29,334</u>	<u>31,834</u>
	<u>\$ 58,667</u>	<u>\$ 107,499</u>

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

Building improvements, furniture and equipment, net consist of the following:

	August 31,	
	2022	2021
Building improvements	\$ 4,518,312	\$ 3,281,271
Furniture and fixtures	110,056	110,056
Computer and equipment	169,497	169,497
Vehicle	--	14,546
Construction in progress	<u>22,006</u>	<u>359,503</u>
	4,819,871	3,934,873
Less: accumulated depreciation and amortization	<u>(2,259,608)</u>	<u>(2,147,050)</u>
	<u>\$ 2,560,263</u>	<u>\$ 1,787,823</u>

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.

During the year ended August 31, 2022, assets were disposed of with a cost basis and accumulated depreciation of \$14,546.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

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**NOTE 7 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consist of the following:

	August 31,	
	2022	2021
Accounts payable	\$ 255,359	\$ 380,477
Accrued payroll	63,132	58,407
Payroll taxes payable (a)	--	97,741
Accrued professional fees	25,783	25,752
Accrued vacation	--	25,708
Other accrued expenses	<u>3,049</u>	<u>4,070</u>
	<u>\$ 347,323</u>	<u>\$ 592,155</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.

**NOTE 8 - LINE OF CREDIT**

Kleinlife has a \$1,000,000 unsecured line of credit agreement with a financial institution that matures on May 15, 2023. Interest is payable on the line of credit at the prime rate plus 0.50%. There was no balance outstanding as of August 31, 2022 and 2021.

**NOTE 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 loan was 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. In July 2021, Kleinlife's PPP Loan and accrued interest was forgiven in full and recognized as forgiveness of debt income during the year ended August 31, 2021.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

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**NOTE 10 - COLLECTIVE BARGAINING UNIT**

Kleinlife employees consisting of 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 and was not renewed. The Union represented approximately 10% of the work force of Kleinlife.

**NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>August 31,</u>	
	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purposes:		
Innovation and Service Integration	\$ 92,300	\$ --
Diabetes management	32,316	50,110
Montgomery County Program	50,265	50,265
Philip Spector Fund	4,217	5,159
Reversing Isolation	30,578	61,925
Stiffel Center - Richard Rosin	13,764	13,764
Technology upgrade	50,000	50,000
William Singer Memorial Concert	12,307	12,307
Levitties Camp Scholarship - in perpetuity	<u>3,647</u>	<u>3,647</u>
	<u>\$ 289,394</u>	<u>\$ 247,177</u>



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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

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**NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

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,	
	2022	2021
Purpose restriction accomplished:		
40th Anniversary Capital Campaign	\$ --	\$ 248,580
Diabetes management	17,795	22,280
Innovation and Service Integration	6,000	--
Philip Spector Fund	1,088	--
Reversing Isolation	<u>31,346</u>	<u>32,081</u>
	<u>\$ 56,229</u>	<u>\$ 302,941</u>

**NOTE 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,	
	2022	2021
Donor-restricted endowment funds		
Phillip Spector Fund	\$ 4,217	\$ 5,159
Levitties Camp Scholarship	<u>3,647</u>	<u>3,647</u>
<b>Total</b>	<u>\$ 7,864</u>	<u>\$ 8,806</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

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**NOTE 12 - RESTRICTED ENDOWMENT NET ASSETS (CONTINUED)**

Kleinlife had the following endowment-related activities:

	Changes in Endowment Net Assets Year Ended August 31,	
	2022	2021
Endowment net assets, Beginning	\$ 8,806	\$ 8,642
Contributions	146	164
Investment return	--	--
Amounts appropriated for expenditure	<u>(1,088)</u>	<u>--</u>
	<u>\$ 7,864</u>	<u>\$ 8,806</u>

***SPENDING POLICY, RISK OBJECTIVE AND RISK PARAMETERS***

Kleinlife 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.

***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"). Kleinlife did not make a "total return election" and, as such, Kleinlife 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

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**NOTE 13 - COMMITMENTS**

Kleinlife has various operating leases for equipment 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,	Amount
2023	<u>\$ 1,656</u>
	<u>\$ 1,656</u>

Equipment lease expense for the years ended August 31, 2022 and 2021 was \$19,640 and \$17,751, respectively.

**NOTE 14 - MAJOR SUPPORT AND REVENUE**

The principal sources of public support and revenue are from the JFGP totaling approximately \$636,000 and \$753,000 for the years ended August 31, 2022 and 2021, respectively, and governmental grants from the Philadelphia Corporation for Aging (“PCA”) totaling approximately \$783,000 and \$678,000 for the years ended August 31, 2022 and 2021, 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.

**NOTE 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 RACP. For the years ended August 31, 2022 and 2021, \$0 and \$850,000 of grant revenue was received and recognized in accordance with the grant requirements upon the approval of RACP. The remaining balance of \$650,000 is expected to be recognized when the expenditures are incurred and upon approval by RACP.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

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**NOTE 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, 2022 and 2021. This amount represents management's estimate of the fair rental value for the use of this facility. Under the lease, Kleinlife 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 the years ended August 31, 2022 and 2021, was \$774,817 and \$651,345, respectively.

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

Year Ending August 31,	Amount
2023	\$ 307,000
2024	18,000
2025	<u>18,000</u>
	<u>\$ 343,000</u>

**NOTE 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

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**NOTE 17 - PENSION PLANS (CONTINUED)**

Kleinlife’s participation in this plan for the years ended August 31, 2022 and 2021 is outlined in the table below. The most recent Pension Protection Act (PPA) zone status in 2022 and 2021 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				2022	2021
		2022	2021				
Jewish Federation of Greater Philadelphia Retirement Plan	23-1500085	Green	Yellow	N/A	No	\$77,325	\$87,804

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 \$36,349 and \$29,558 for the years ended August 31, 2022 and 2021, respectively.

**NOTE 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 \$12,350 and \$24,000 for the years ended August 31, 2022 and 2021, respectively.

Contributions include amounts contributed by board members of Kleinlife of approximately \$325,000 and \$200,000, respectively, for the years ended August 31, 2022 and 2021.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

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**NOTE 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.

**NOTE 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 future operations.

**NOTE 21 – LEGAL MATTERS**

In the course of its business operations, the Organization is involved in various legal matters, which is generally covered by insurance. As of August 31, 2022, management believes there is no exposure to such matters that, if decided adversely, would be material to the financial statements or would not be covered by insurance.

**NOTE 22 - SUBSEQUENT EVENTS**

Kleinlife has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through February 21, 2023, the date on which the financial statements were available to be issued.