

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

FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

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

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Raymond and Miriam Klein JCC (d/b/a Kleinlife)

Opinion

We have audited the 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, 2023 and 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Kleinlife as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our responsibilities under those standards are further described in the 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 audits. We believe that the audits evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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, PA
March 12, 2024

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

STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,010,758	\$ 3,072,764
Investments	3,454,874	--
Accounts receivable, net of allowance for doubtful accounts of \$5,000 each in 2023 and 2022	113,822	168,536
Grants and pledges receivable, current portion	27,667	29,333
Prepaid expenses	<u>8,004</u>	<u>11,519</u>
Total Current Assets	<u>4,615,125</u>	<u>3,282,152</u>
Noncurrent Assets		
Grants and pledges receivable, net of current portion	--	29,334
Right-of-use assets, finance, net	24,406	--
Building improvements, furniture and equipment, net of accumulated depreciation and amortization	<u>2,480,030</u>	<u>2,560,263</u>
Total Noncurrent Assets	<u>2,504,436</u>	<u>2,589,597</u>
Total Assets	<u>\$ 7,119,561</u>	<u>\$ 5,871,749</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 200,445	\$ 347,323
Finance lease liabilities, current portion	14,648	--
Deferred revenues	<u>57,500</u>	<u>5,000</u>
Total Current Liabilities	272,593	352,323
Noncurrent Liabilities		
Finance lease liabilities, net of current portion	<u>12,224</u>	<u>--</u>
Total Liabilities	<u>284,817</u>	<u>352,323</u>
Net Assets		
Without donor restrictions	6,551,326	5,230,032
With donor restrictions	<u>283,418</u>	<u>289,394</u>
Total Net Assets	<u>6,834,744</u>	<u>5,519,426</u>
Total Liabilities and Net Assets	<u>\$ 7,119,561</u>	<u>\$ 5,871,749</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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Grants			
Governmental agencies	\$ 1,405,517	\$ --	\$ 1,405,517
Jewish Federation of Greater Philadelphia	496,251	--	496,251
General	585,534	250,000	835,534
Donated meals	122,105	--	122,105
Membership fees	294,179	--	294,179
Program service fees	565,934	--	565,934
Contributions	794,040	1,702	795,742
Donated use of facilities	1,374,698	--	1,374,698
Rental income	876,835	--	876,835
Investment income, net	96,483	--	96,483
Other income	3,679	--	3,679
Net assets released from restrictions	<u>257,678</u>	<u>(257,678)</u>	<u>--</u>
Total Support and Revenues	<u>6,872,933</u>	<u>(5,976)</u>	<u>6,866,957</u>
Expenses			
Program services	5,061,669	--	5,061,669
Management and general	469,207	--	469,207
Fundraising	<u>20,763</u>	<u>--</u>	<u>20,763</u>
Total Expenses	<u>5,551,639</u>	<u>--</u>	<u>5,551,639</u>
Changes in Net Assets	1,321,294	(5,976)	1,315,318
Net Assets, Beginning	<u>5,230,032</u>	<u>289,394</u>	<u>5,519,426</u>
Net Assets, Ending	<u>\$ 6,551,326</u>	<u>\$ 283,418</u>	<u>\$ 6,834,744</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
Support and Revenues			
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)	--
Total Support and Revenues	<u>5,923,582</u>	<u>42,217</u>	<u>5,965,799</u>
Expenses			
Program services	5,159,036	--	5,159,036
Management and general	412,592	--	412,592
Fundraising	19,268	--	19,268
Total Expenses	<u>5,590,896</u>	<u>--</u>	<u>5,590,896</u>
Changes in Net Assets	332,686	42,217	374,903
Net Assets, Beginning	<u>4,897,346</u>	<u>247,177</u>	<u>5,144,523</u>
Net Assets, Ending	<u>\$ 5,230,032</u>	<u>\$ 289,394</u>	<u>\$ 5,519,426</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, 2023

	Program Services			Support Services			Total
	Senior Services	Recreation	Early Learning	Total Program Services	Management and General	Fundraising	
Expenses							
Personnel							
Salaries and wages	\$ 918,594	\$ 290,182	\$ 487,727	\$ 1,696,503	\$ 225,060	\$ 18,860	\$ 1,940,423
Benefits expense	57,692	9,111	7,128	73,931	17,966	405	92,302
Payroll taxes and other	76,215	27,473	48,693	152,381	16,604	995	169,980
Total Personnel Expenses	1,052,501	326,766	543,548	1,922,815	259,630	20,260	2,202,705
Other							
Advertising	2,408	--	4,444	6,852	1,622	--	8,474
Bank and credit card fees	7,742	6,667	6,949	21,358	1,688	--	23,046
Computer expense	33,853	4,975	3,117	41,945	3,077	369	45,391
Depreciation and amortization	100,122	18,289	48,112	166,523	7,474	--	173,997
Donated use of facilities	783,578	206,205	316,181	1,305,964	68,734	--	1,374,698
Equipment leasing	14,685	1,894	1,567	18,146	3,908	--	22,054
Insurance	47,599	11,966	18,742	78,307	13,443	134	91,884
Office supplies	8,083	594	1,369	10,046	6,666	--	16,712
Outside contractors	71,335	16,587	55,512	143,434	2,121	--	145,555
Payroll services	10,879	5,823	4,991	21,693	832	--	22,525
Printing and postage	3,784	--	139	3,923	--	--	3,923
Professional fees	56,873	--	95,529	152,402	78,267	--	230,669

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, 2023

	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	\$ 169,748	\$ --	\$ 15,702	\$ 185,450	\$ 1,635	\$ --	\$ 1,635	\$ 187,085
Outside contractors	4,194	--	--	4,194	--	--	--	4,194
Other	8,531	394	794	9,719	5,627	--	5,627	15,346
Supplies and equipment	27,910	15,573	10,917	54,400	(457)	--	(457)	53,943
Transportation	1,749	38	936	2,723	20	--	20	2,743
Donated meals	122,105	--	--	122,105	--	--	--	122,105
Instructors	55,633	--	39,529	95,162	--	--	--	95,162
Performers	9,145	--	4,880	14,025	--	--	--	14,025
Chaplain	9,800	--	--	9,800	--	--	--	9,800
Rent expense	20,100	--	--	20,100	--	--	--	20,100
Repairs and maintenance	200,920	83,385	76,094	360,399	7,390	--	7,390	367,789
Staff development	1,179	535	900	2,614	1,050	--	1,050	3,664
Telephone	31,014	4,051	1,699	36,764	2,450	--	2,450	39,214
Utilities	130,204	31,803	88,799	250,806	4,030	--	4,030	254,836
Total Other Expenses	<u>1,933,173</u>	<u>408,779</u>	<u>796,902</u>	<u>3,138,854</u>	<u>209,577</u>	<u>503</u>	<u>210,080</u>	<u>3,348,934</u>
Total Expenses	<u>\$ 2,985,674</u>	<u>\$ 735,545</u>	<u>\$ 1,340,450</u>	<u>\$ 5,061,669</u>	<u>\$ 469,207</u>	<u>\$ 20,763</u>	<u>\$ 489,970</u>	<u>\$ 5,551,639</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	
Expenses							
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
Total Personnel Expenses	1,299,989	295,263	414,423	2,009,675	222,210	17,519	2,249,404
Other							
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 expense								
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
Total Other Expenses	<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>
Total Expenses	<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)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities		
Changes in net assets	\$ 1,315,318	\$ 374,903
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	173,997	127,105
Contributed securities	--	(154,092)
Amortization of finance right-of-use assets	14,902	--
Net realized and unrealized loss on investments	15,044	--
Changes in operating assets and liabilities		
Accounts receivable	54,714	(16,604)
Grants and pledges receivable	--	43,832
Prepaid expenses	3,515	(3,706)
Accounts payable and accrued expenses	(146,878)	(244,832)
Deferred revenues	52,500	(20,000)
Net Cash Provided by Operating Activities	<u>1,483,112</u>	<u>106,606</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	--	154,092
Purchase of investments	(3,469,918)	--
Purchase of building improvements, furniture and equipment	(93,764)	(899,545)
Net Cash Used in Investing Activities	<u>(3,563,682)</u>	<u>(745,453)</u>
Cash Flows From Financing Activities		
Principal payments on finance lease liabilities	(12,436)	--
Collection of grants and pledges restricted for building improvements, furniture and equipment	31,000	5,000
Net Cash Provided by Financing Activities	<u>18,564</u>	<u>5,000</u>
Net Decrease in Cash and Cash Equivalents	(2,062,006)	(633,847)
Cash and Cash Equivalents, Beginning	<u>3,072,764</u>	<u>3,706,611</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,010,758</u>	<u>\$ 3,072,764</u>
Non-cash Financing Activities		
Obtaining right-of-use assets in exchange for financing lease liabilities	9,524	-

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, 2023 AND 2022

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:

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS (CONTINUED)

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.

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.

INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their quoted or estimated fair values in the statements of financial position. Unrealized gains and losses are included in the statements of activities and changes in net assets. Specifically identified cost is used to determine realized gains and losses for investments sold.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 customers 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, 2023 and 2022. The balance of accounts receivable as of September 1, 2021 was \$151,932, net of allowance for doubtful accounts of \$5,000.

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.

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.

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.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUILDING IMPROVEMENTS, FURNITURE AND EQUIPMENT AND DEPRECIATION AND AMORTIZATION (CONTINUED)

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 revenues 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, 2021 was \$25,000.

ADOPTION OF FASB ASC 842

Effective January 1, 2022, Kleinlife adopted FASB (“Financial Accounting Standards Board”) Accounting Standards Codification (“ASC”) 842, Leases (ASC 842). Kleinlife determines if an arrangement contains a lease at inception based on whether Kleinlife has the right to control the asset during the contract period and other facts and circumstances. Kleinlife elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification. Kleinlife elected the short-term lease recognition exemption for all leases that qualify. Consequently, for those leases that qualify, Kleinlife will not recognize right-of-use assets or lease liabilities on the balance sheet. Kleinlife generally does not have access to the rate implicit in the lease, and therefore Kleinlife utilizes its incremental borrowing as the discount rate.

The adoption of ASC 842 resulted in the recognition of an finance right-of-use asset of \$26,838 and finance lease liability of \$29,784 as of September 1, 2022. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with Kleinlife’s historical accounting treatment. The adoption of ASC 842 did not have a material impact on Kleinlife’s results of operations and cash flows. See Note 13.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and change in net assets 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.

Contract Revenue

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 \$294,179 and \$197,786 for the years ended August 31, 2023 and 2022, respectively.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

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 at a point in time was \$449,211 and \$378,563 for the years ended August 31, 2023 and 2022, respectively.

Adult Service 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 adult service fees recognized over time was \$25,740 and \$26,551 for the years ended August 31, 2023 and 2022, 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 \$90,983 and \$112,316 for the years ended August 31, 2023 and 2022, respectively.

RENTAL REVENUE

In accordance with Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842) and related ASUs subsequently issued (collectively, “ASC 842”), a lease is classified as an operating lease if none of the following criteria are met: (i) ownership transfers to the lessee at the end of the lease term, (ii) the lessee has a purchase option that is reasonably expected to be exercised, (iii) the lease term is for a major part of the economic life of the leased property, (iv) the present value of the future lease payments and any residual value guaranteed by the lessee that is not already reflected in the lease payments equals or

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUPPORT AND REVENUE RECOGNITION (CONTINUED)

Rental Revenue (continued)

exceeds substantially all of the fair value of the leased property, and (v) the leased property is of such a specialized nature that it is expected to have no future alternative use to Kleinlife at the end of the lease term. If one or more of these criteria are met, the lease will generally be classified as a sales-type lease, unless the lease contains a residual value guarantee from a third party other than the lessee, in which case it would be classified as a direct financing lease under certain circumstances in accordance with ASC 842. All of Kleinlife's leases with its renters qualified as operating leases under ASC 842.

Kleinlife rents part of the building it leases 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 December 2027. Rental revenue earned from leases with sub-leases consists of fixed base rent. Fixed lease payments for the years ended August 31, 2023 and 2022, was \$876,835 and \$774,817, respectively.

The undiscounted future minimum rental income under non-cancellable sub-leases as of August 31, 2023 is as follows:

Year Ending August 31,	Amount
2024	\$ 465,148
2025	471,637
2026	458,893
2027	418,966
2028	186,024
Thereafter	<u>8,800</u>
	<u>\$ 2,009,468</u>

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 valued based on the vendor price per meal totaling \$122,105 and \$166,333, respectively, for the years ended August 31, 2023 and 2022. In addition, facility space donated to Kleinlife in furtherance of its mission has been recorded (see Note 13). There were no donor restrictions related to the in-kind contributions and Kleinlife does not sell the in-kind contributions.

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.

EMPLOYEE RETENTION PAYROLL TAX CREDIT

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act) provided for an employee retention credit ("ERC"), which is a refundable tax credit against certain employment taxes of up to \$7,000 per employee per quarter for eligible employers. The tax credit is equal to 70% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee for each quarter. The tax credit refunds relate to quarters ended in 2020 and 2021 for which Kleinlife applied for during the year ended August 31, 2023. Kleinlife determined that the conditions to qualify for and record the employee retention credits were substantially met in accordance with FASB ASC 958-605, Not-for-Profit Entities – Revenue Recognition during the year ended August 31, 2023. As such, Kleinlife recorded a total of \$817,725 of government grant income on the statements of activities and changes in net assets during the year ended August 31, 2023. All funds were received during the year ended August 31, 2023.

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. 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

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL ALLOCATION OF EXPENSES (CONTINUED)

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, 2023 and 2022 were \$8,474 and \$3,448, 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 (the "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.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	August 31,	
	2023	2022
Cash and cash equivalents	\$ 1,010,758	\$ 3,072,764
Investments	3,454,874	--
Accounts receivable, net	113,822	168,536
Grants and pledges receivable, current portion	27,667	29,333
Total Financial Assets Available Within One Year	4,607,121	3,270,633
Less: Amounts unavailable for general expenditures within one year, due to donor's restriction with time and purpose restrictions	(273,535)	(285,748)
Less: Amounts restricted in perpetuity	(3,647)	(3,647)
Total Financial Assets Available to Management for General Expenditure Within One Year	\$ 4,329,939	\$ 2,981,238

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.

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.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

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, 2023.

NOTE 4 - FAIR VALUE MEASUREMENTS

Kleinlife's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Kleinlife believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to measure the fair value of certain financial instruments could result in a different fair value at the reporting date.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Kleinlife has the ability to access.

Level 2: Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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NOTES TO FINANCIAL STATEMENTS

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NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

CORPORATE BONDS AND U.S. GOVERNMENT SECURITIES

Corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. U.S. Government securities are valued using pricing models maximizing the use of observable inputs for similar securities.

CERTIFICATES OF DEPOSIT

Certificates of deposit held for investment that are not debt securities are included in investments on the statement of financial position. The certificates of deposit have original maturities greater than three months. Certificates of deposits approximate fair value, based on estimates using current market rates offered for deposits with similar remaining maturities.

The following tables summarize investment assets measured at fair value:

	Investment Assets at Fair Value as of August 31, 2023			
	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ --	\$ 1,693,262	\$ --	\$ 1,693,262
U.S. Government securities	--	753,358	--	753,358
Certificates of deposit	--	1,008,254	--	1,008,254
Total Investment in the Fair Value Hierarchy	<u>\$ --</u>	<u>\$ 3,454,874</u>	<u>\$ --</u>	<u>\$ 3,454,874</u>

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 5 - INVESTMENT INCOME, NET

Investment income consists of the following:

	2023	2022
Investment Income		
Interest and dividends	\$ 111,527	\$ --
Net unrealized gains (losses)	<u>(15,044)</u>	<u>--</u>
Total Investment Income, Net	<u><u>\$ 96,483</u></u>	<u><u>\$ --</u></u>

NOTE 6 - ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consist of the following:

	August 31,	
	2023	2022
Philadelphia Corporation of Aging	\$ 33,264	\$ 69,352
Health Partners	40,266	26,412
Camp fees	40,049	70,547
Other	<u>5,243</u>	<u>7,225</u>
	118,822	173,536
Less: Allowance for doubtful accounts	<u>(5,000)</u>	<u>(5,000)</u>
	<u><u>\$ 113,822</u></u>	<u><u>\$ 168,536</u></u>

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 7 - 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,	
	2023	2022
Amounts due		
Within one year	\$ 27,667	\$ 29,333
Within two to five years	--	29,334
	<u>\$ 27,667</u>	<u>\$ 58,667</u>

NOTE 8 - BUILDING IMPROVEMENTS, FURNITURE AND EQUIPMENT, NET

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

	August 31,	
	2023	2022
Building improvements	\$ 4,582,217	\$ 4,518,312
Furniture and fixtures	110,056	110,056
Computer and equipment	169,497	169,497
Construction in progress	51,865	22,006
	4,913,635	4,819,871
Less: accumulated depreciation and amortization	(2,433,605)	(2,259,608)
	<u>\$ 2,480,030</u>	<u>\$ 2,560,263</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.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 9 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

	August 31,	
	2023	2022
Accounts payable	\$ 87,682	\$ 255,359
Accrued payroll	78,363	63,132
Accrued professional fees	31,240	25,783
Other accrued expenses	3,160	3,049
	<u>\$ 200,445</u>	<u>\$ 347,323</u>

NOTE 10 - LINE OF CREDIT

Kleinlife has a \$1,000,000 unsecured line of credit agreement with a financial institution that matures on May 15, 2024. Interest is payable on the line of credit at the prime rate plus 1.0% with a floor of 6%. There was no balance outstanding as of August 31, 2023 and 2022.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

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

	August 31,	
	2023	2022
Subject to expenditure for specified purposes:		
Innovation and Service Integration	\$ 124,902	\$ 92,300
Diabetes management	13,163	32,316
Montgomery County Program	50,265	50,265
Philip Spector Fund	4,469	4,217
Reversing Isolation	4,665	30,578
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	3,647	3,647
	<u>\$ 277,182</u>	<u>\$ 289,394</u>

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

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,	
	2023	2022
Purpose restriction accomplished:		
Diabetes management	\$ 19,153	\$ 17,795
Innovation and Service Integration	117,397	6,000
Philip Spector Fund	1,450	1,088
Reversing Isolation	25,914	31,346
	<u>\$ 163,914</u>	<u>\$ 56,229</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,	
	2023	2022
Donor-restricted endowment funds		
Phillip Spector Fund	\$ 4,469	\$ 4,217
Levitties Camp Scholarship	3,647	3,647
Total	<u>\$ 8,116</u>	<u>\$ 7,864</u>

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 12 - RESTRICTED ENDOWMENT NET ASSETS (CONTINUED)

Kleinlife had the following endowment-related activities:

	Changes in Endowment Net Assets Year Ended August 31,	
	2023	2022
Endowment net assets,		
Beginning	\$ 7,864	\$ 8,806
Contributions	1,702	146
Amounts appropriated for expenditure	(1,450)	(1,088)
	<u>\$ 8,116</u>	<u>\$ 7,864</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.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 13 - LEASES

Kleinlife has various finance leases for equipment that expire at various times through August 2028.

The following summarizes the line items in the balance sheet which include amounts for finance leases at August 31, 2023:

Finance Right-of-Use Assets, Net	<u>\$ 24,406</u>
Finance lease liabilities, current portion	\$ 14,648
Finance lease liabilities, net of current portion	<u>12,224</u>
Total Finance Lease Liabilities	<u>\$ 26,872</u>

The components of finance lease costs for the year ended August 31, 2023 are as follows:

Amortization of ROU Asset	\$ 14,902
Interest on lease liabilities	<u>2,096</u>
Total Finance Lease Liabilities	<u>\$ 16,998</u>

The following summarizes the cash flow information related to finance leases for the year ended August 31, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Financing cash flows from finance lease	\$ 14,902

Weighted average lease term and discount are as follows at August 31, 2023:

Weighted average remaining lease term - finance	2.58 years
Weighted average discount rate - finance	8.25 %

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 13 - LEASES (CONTINUED)

The maturities of finance lease liabilities as of August 31, 2023, are as follows:

Year Ending August 31,	Finance Amount
2024	\$ 16,188
2025	6,868
2026	2,208
2027	2,208
2028	2,208
	29,680
Less: Amounts representing interest	(2,808)
Present Value of Future Minimum Lease Payments	26,872
Less: Current maturities	(12,224)
Long-Term Lease Liabilities	\$ 14,648

The maturities of operating lease liabilities under ASC 840 as of August 31, 2022 are as follows:

Year Ending August 31,	Amount
2023	\$ <u>1,656</u>
Total	\$ <u>1,656</u>

Equipment lease expense for the year ended August 31, 2022 was \$19,640.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 13 - LEASES (CONTINUED)

DONATED USE OF FACILITIES

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 10 years expiring on 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 \$1,374,698 and \$1,500,000 as donated rent expense for the fair value of this space as determined based on square footage for similar properties in the area for each of the years ended August 31, 2023 and 2022, respectively. 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.

NOTE 14 - MAJOR SUPPORT AND REVENUE

The principal sources of public support and revenue are from the JFGP totaling approximately \$496,000 and \$636,000 for the years ended August 31, 2023 and 2022, respectively, and governmental grants from the Philadelphia Corporation for Aging ("PCA") totaling approximately \$430,000 and \$783,000 for the years ended August 31, 2023 and 2022, 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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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, 2023 and 2022, \$612,500 and \$-0-, respectively, of grant revenue was received and recognized in accordance with the grant requirements upon the approval of RACP. There is a remaining balance of \$37,500 of the RACP grant as of August 31, 2023, which is expected to be received upon final approval by RACP.

NOTE 16 - 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, 2023 and 2022 is outlined in the table below. The most recent Pension Protection Act (“PPA”) zone status in 2023 and 2022 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 Pension Zone Status		FIP/RP Status Pending/Implemented	Surcharge Imposed	Entity Contributions	
		2023	2022			2023	2022
		Jewish Federation of Greater Philadelphia Retirement Plan	23-1500085			Yellow	Green

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 16 - PENSION PLANS (CONTINUED)

Effective January 1, 2012, Kleinlife adopted a 401(k) retirement plan (“the Plan”). The Plan offers all eligible employees the opportunity to participate in a tax deferred simple employee retirement plan whereby employees may elect to contribute through payroll deduction amounts subjected to statutory maximums. Kleinlife makes a safe harbor employer matching contribution equal to 100% of the employee contribution, net to exceed 3% or the compensation deferred, plus 50% of the employee contribution that exceeds 3% of compensation deferred up to 5%. Kleinlife made matching contributions totaling \$36,092 and \$37,825 for the years ended August 31, 2023 and 2022, respectively.

NOTE 17 - 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 \$12,000 and \$12,350 for the years ended August 31, 2023 and 2022, respectively.

NOTE 18 - UNCERTAIN TAX POSITIONS

Management of Kleinlife considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities, including changes to Kleinlife’s status as a not-for-profit entity. Management believes Kleinlife met the requirements to maintain its tax-exempt status and has not identified any uncertain tax positions subject to the unrelated business income tax that require recognition or disclosure in the accompanying financial statements. There are currently no examinations pending or in process.

NOTE 19 - LEGAL MATTERS

In the course of its business operations, Kleinlife is involved in various legal matters, which is generally covered by insurance. As of August 31, 2023, 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 20 - SUBSEQUENT EVENTS

Kleinlife has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 12, 2024, the date on which the financial statements were available to be issued.