

UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
a.k.a. MACCABI USA/SPORTS FOR ISRAEL

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
a.k.a MACCABI USA/SPORTS FOR ISRAEL

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United States Committee Sports for Israel, Inc.
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of United States Committee Sports for Israel, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2017 and 2016 and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United States Committee Sports for Israel, Inc. as of December 31, 2017 and 2016 and the change in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States.

Wipfli LLP

Philadelphia, Pennsylvania
February 27, 2019

UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
a.k.a MACCABI USA/SPORTS FOR ISRAEL
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
	2017	2016
ASSETS		
Cash and cash equivalents	\$ 860,237	\$ 576,387
Accounts receivable - net	92,890	12,141
Promises to give	98,626	221,776
Prepaid expenses	105,478	2,400,167
Israel Bonds	5,000	6,000
Fixed assets, net	1,657	8,950
TOTAL ASSETS	\$ 1,163,888	\$ 3,225,421
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 397,814	\$ 148,792
Deferred revenue	19,739	1,816,923
Total Liabilities	417,553	1,965,715
NET ASSETS		
Unrestricted	717,440	(916,834)
Temporarily restricted	28,895	2,176,540
Total Net Assets	746,335	1,259,706
TOTAL LIABILITIES AND NET ASSETS	\$ 1,163,888	\$ 3,225,421

The accompanying Notes are an integral part of these statements.

UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
a.k.a. MACCABI USA/SPORTS FOR ISRAEL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT AND REVENUE			
Program revenues	\$ 7,987,915	\$ -	\$ 7,987,915
Contributions			
Support of games	-	1,581,977	1,581,977
General	1,678,819	-	1,678,819
Special events - net	49,841	-	49,841
Direct mail	-	107,690	107,690
Board member dues	34,980	-	34,980
In-kind	58,424	-	58,424
Net assets released from restriction	<u>3,837,312</u>	<u>(3,837,312)</u>	<u>-</u>
Total Support and Revenue	<u>13,647,291</u>	<u>(2,147,645)</u>	<u>11,499,646</u>
FUNCTIONAL EXPENSES			
Program services	10,910,574	-	10,910,574
Management and general	603,293	-	603,293
Fundraising	<u>499,150</u>	<u>-</u>	<u>499,150</u>
Total Functional Expenses	<u>12,013,017</u>	<u>-</u>	<u>12,013,017</u>
CHANGE IN NET ASSETS	1,634,274	(2,147,645)	(513,371)
NET ASSETS - BEGINNING OF YEAR	<u>(916,834)</u>	<u>2,176,540</u>	<u>1,259,706</u>
NET ASSETS - END OF YEAR	<u>\$ 717,440</u>	<u>\$ 28,895</u>	<u>\$ 746,335</u>

The accompanying Notes are an integral part of these statements.

UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
a.k.a. MACCABI USA/SPORTS FOR ISRAEL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 30, 2016

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT AND REVENUE			
Program revenues	\$ 28,921	\$ -	\$ 28,921
Contributions			
Support of games	-	700,738	700,738
General	632,671	-	632,671
Special events - net	377,681	-	377,681
Direct mail	-	105,369	105,369
Board member dues	61,000	-	61,000
Interest	260	-	260
In-kind	10,152	-	10,152
Net assets released from restriction	<u>101,813</u>	<u>(101,813)</u>	<u>-</u>
Total Support and Revenue	<u>1,212,498</u>	<u>704,294</u>	<u>1,916,792</u>
FUNCTIONAL EXPENSES			
Program services	961,977	-	961,977
Management and general	596,266	-	596,266
Fundraising	<u>394,217</u>	<u>-</u>	<u>394,217</u>
Total Functional Expenses	<u>1,952,460</u>	<u>-</u>	<u>1,952,460</u>
CHANGE IN NET ASSETS	(739,962)	704,294	(35,668)
NET ASSETS - BEGINNING OF YEAR	<u>(176,872)</u>	<u>1,472,246</u>	<u>1,295,374</u>
NET ASSETS - END OF YEAR	<u>\$ (916,834)</u>	<u>\$ 2,176,540</u>	<u>\$ 1,259,706</u>

The accompanying Notes are an integral part of these statements.

UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
a.k.a. MACCABI USA/SPORTS FOR ISRAEL
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (513,371)	\$ (35,668)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,293	17,684
Provision for doubtful accounts	20,000	29,500
(Increase) decrease in assets:		
Accounts receivable	(80,749)	198,155
Promises to give	103,150	173,520
Prepaid expenses	2,294,689	(2,241,778)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	249,022	(309,944)
Deferred revenue	<u>(1,797,184)</u>	<u>1,789,431</u>
Net Cash Provided by (Used in) Operating Activities	<u>282,850</u>	<u>(379,100)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investment securities	<u>1,000</u>	<u>1,000</u>
Net Cash Provided by Investing Activities	<u>1,000</u>	<u>1,000</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	283,850	(378,100)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>576,387</u>	<u>954,487</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 860,237</u>	<u>\$ 576,387</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
CASH PAID DURING THE YEARS FOR:		
Interest	\$ -	\$ 5,296

The accompanying Notes are an integral part of these statements.

UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
a.k.a. MACCABI USA/SPORTS FOR ISRAEL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE A - Nature of Organization and Significant Accounting Policies

United States Committee Sports for Israel, Inc., (the Organization) also known as Maccabi USA/Sports for Israel, is the official sponsor of the United States team to the World Maccabiah Games in Israel, as well as other international Maccabi Games in Latin America, Australia, and Europe. Each team is comprised of Jewish athletes from the USA who represent their country in athletic competition and learn about the Jewish culture and heritage in the host country where the Games take place. It is the unique combination of sports and history that allows Maccabi USA to change the lives of all who participate in the Games. Athletes leave the competition with a feeling of accomplishment for their athletic ability, great new friends from around the world and most important, a sense of pride for their unique culture and heritage. They feel a special connection with their fellow Jews from around the world and a strong connection to the State of Israel.

We distinguish ourselves by:

- Sponsoring the United States Team to the World Maccabiah Games
- Supporting programs such as the JCC Maccabi Games which introduce American Jewish youth to their heritage by sponsoring sports-related programs and activities.
- Supporting programs that enhance participation of American Jewish youth with their brethren throughout the world.
- Supporting athletic facilities and programs in Israel.
- Being a member of Maccabi World Union and worldwide Maccabi movement.

To further its mission, Maccabi USA/Sports for Israel lends support to the Maccabi World Union, Project Tikvah, The Wingate Institute, Israel Sport Center for Disabled, Israel's Special Olympics and Paralympics teams, the International Jewish Sport Hall of Fame and Israel's Olympic athletes.

An adjunct member of the Conference of Presidents of Major Jewish Organizations, Maccabi USA/Sports for Israel is one of 50 territorial representatives of Maccabi World Union, the international governing organization. Maccabi World Union has a membership of more than 400,000, making it the largest Jewish membership organization in the world. The Maccabi movement, with ties to the ideals of Zionism and named for Judah (The Hammer) Maccabee, symbolizes Jewish excellence in sport.

The Organization is supported primarily through contributions and program revenues associated with the athletic games.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no permanently restricted net assets as of December 31, 2017 and 2016.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - The Organization considers all short-term instruments purchased with an original maturity of three months or less to be cash equivalents.

UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
a.k.a. MACCABI USA/SPORTS FOR ISRAEL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE A - Nature of Organization and Significant Accounting Policies - continued

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to operations and a credit to the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. There was no allowance for doubtful accounts as of December 31, 2017 and 2016.

Promises to Give - Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Promises to give are recorded at net realizable value. Additionally, uncollected promises to give are recorded net of estimated allowances for uncollectible amounts. The allowance for doubtful accounts was \$50,874 and \$105,394 as of December 31, 2017 and 2016, respectively.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Fixed Assets - Fixed assets are recorded at cost and are depreciated over their estimated useful lives using the straight-line method.

	Years
Leasehold improvements	Life of lease
Furniture, fixtures and equipment	5
Computer software	3

Minor additions and repairs are expensed in the year incurred. Major additions and repairs are capitalized and depreciated over their useful lives.

Contributions - Contributions, including unconditional promises to give, are recognized as revenue in the period the promise is received. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending upon the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), temporarily restricted net assets are transferred to unrestricted net assets.

Revenue Recognition - Program revenue includes fees and related amounts paid by athletes to participate in the various Maccabi games. These revenues are recognized in the year in which the game is held. Accordingly, amounts received in advance are deferred until the event occurs.

In-Kind Contributions - The Organization recognizes donated services, if any, that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services, consisting of legal services, for the years ended December 31, 2017 and 2016 totaled \$58,424 and \$10,152, respectively. In addition, the Organization received donated services from a variety of unpaid volunteers who make significant contributions of their time in conjunction with programs and support services, which do not meet the recognition criteria described above and accordingly have not been reflected in the accompanying financial statements.

UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE A - Nature of Organization and Significant Accounting Policies - continued

Investments - The Organization reports investments in marketable securities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs that are not observable in the market and reflect management's judgment about the assumptions that market participants would use in pricing the asset or liability.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2017:

<u>Type</u>		<u>Level 2</u>
Israel Bonds	\$	5,000

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2016:

<u>Type</u>		<u>Level 2</u>
Israel Bonds	\$	6,000

The fair value of bonds (Level 2 inputs) is estimated as the present value of expected future cash inflows, taking into account (1) the type of security, its terms, and any underlying collateral, (2) the seniority level of the debt security, and (3) quotes received from brokers and pricing services. Significant inputs utilized by brokers and pricing services include the probability of default for debt securities, the estimated prepayment rate, and the projected yield based on estimated future market rates for similar securities.

Income Taxes - The Organization is a private not-for-profit corporation and, accordingly, is exempt from federal income taxes under the Internal Revenue Code Section 501(c)(3). The Organization is also exempt from state and local taxes under applicable statutes. The Organization is not classified as a private foundation.

Management has reviewed tax positions taken in filings with federal and state jurisdictions and believes those positions would be sustained should the filings be examined by the relevant taxing authority. Open periods subject to audit for federal purposes are generally the previous three years of tax returns filed.

Functional Expenses and Administrative Allocation - The costs of providing various programs and other activities have been summarized on a functional basis. Accordingly, the expenses directly related to the program are combined with allocations of certain common costs of the Organization which have been allocated based on estimates made by management. Administrative expenses are allocated to individual programs based on the individual program's share of direct costs.

UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE A - Nature of Organization and Significant Accounting Policies - continued

Advertising - The Organization expenses advertising costs as incurred. Advertising expense totaled \$3,500 and \$-, for the years ended December 31, 2017 and 2016, respectively.

Recently Issued Accounting Standards - In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, Revenue Recognition, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. The Organization is currently evaluating the impact of the provisions of ASC 606.

On August 18, 2016, the FASB issued ASU 2016-14 (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* ("Update"). The Update reduces the number of net asset classes from three to two, those with donor restrictions and those without, requires all nonprofit organizations to report expenses by nature and function and improves information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance, and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments in this Update is permitted. The Organization is currently in the process of determining the impact of the new standard, and has not elected to early implement the amendments.

On June 21, 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Amendments in this Update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, and determining whether a transaction is conditional. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource recipient. Early application of the amendments in this Update is permitted. The Organization is currently in the process of determining the impact of the new standard, and has not elected to early implement the amendments.

UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE B - Promises to give

Promises to give are expected to be received as follows as of December 31:

	<u>2017</u>	<u>2016</u>
Receivable in less than one year	\$ 70,000	\$ 121,150
Receivable in one to five years	<u>79,500</u>	<u>206,020</u>
Total	149,500	327,170
Less allowance for uncollectible promises to give	<u>(50,874)</u>	<u>(105,394)</u>
Promises to give - net	<u>\$ 98,626</u>	<u>\$ 221,776</u>

NOTE C - Fixed Assets, net

	<u>2017</u>	<u>2016</u>
Computer equipment	\$ 54,793	\$ 54,793
Computer software	51,718	51,718
Equipment	<u>17,948</u>	<u>17,948</u>
	124,459	124,459
Less: accumulated depreciation	<u>(122,802)</u>	<u>(115,509)</u>
Fixed Assets, net	<u>\$ 1,657</u>	<u>\$ 8,950</u>

Depreciation expense was \$7,293 and \$17,684 for the years ended December 31, 2017 and 2016, respectively.

NOTE D - Restrictions/Limitations on Net Assets

Temporarily restricted net assets as of December 31, 2017 consist of amounts received for the 21st Games and scholarships. Temporarily restricted net assets as of December 31, 2016 consist of amounts received for the 20th Games and scholarships.

NOTE E - Concentrations of Credit Risk

The Organization maintains bank accounts at several financial institutions. The accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2017, the uninsured cash balance was approximately \$478,000.

UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE F - Commitments

The Organization has an office lease agreement with a company owned by a board member. The term of the lease is through November 30, 2019, and allows for an extension of an additional three years through November 2022.

The lease agreement contains rent holidays and rent escalation clauses. Accounting principles generally accepted in the United States of America require rent expense to be recognized on a straight-line basis over the lease term. The difference between the rent due under the stated periods of the lease compared to that of the straight-line basis is recorded as deferred rent. At December 31, 2017 and 2016, deferred rent of \$22,952 and \$27,078, respectively, is included in accrued expenses in the statements of financial position.

Rent expense, including taxes and operating expenses, for the years ended December 31, 2017 and 2016 was \$63,889 and \$48,670, respectively.

Minimum annual rental commitments under the lease are as follows:

<u>Year Ending December 31,</u>	
2018	\$ 64,093
2019	<u>59,851</u>
	<u>\$ 123,944</u>

NOTE G - Related Party Transactions

The Organization has common board members with the Endowment Fund of Maccabi USA.

During August and September 2016, the Organization borrowed approximately \$425,000 from the Endowment Fund of Maccabi USA in connection with two promissory note agreements. The Organization repaid the notes during 2016. Interest paid on these loans amounted to \$5,296 for the year ended December 31, 2016. There was no interest paid during the year ended December 31, 2017.

For the years ended December 31, 2017 and 2016, the Organization received grants and contributions from the Endowment Fund of Maccabi USA totaling \$1,297,706 and \$279,150, respectively.

Included in accounts receivable as of December 31, 2017 and 2016 was \$1,703 and \$6,703, respectively, due from the Endowment Fund of Maccabi USA.

In the ordinary course of business, the Organization utilizes vendors that are owned by certain board members of the Organization, including a travel agency, office lease and outsourced accounting services. During the years ended December 31, 2017 and 2016, the Organization paid these entities \$1,950,199 and \$294,697, respectively.

The former executive director and a board member are stockholders of the financial institution used by the Organization.

UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE H - Retirement Plan

The Organization has a 403(b) retirement plan. The plan covers all employees meeting certain eligibility requirements. Employees voluntarily make contributions to the Plan based upon limits established under the Internal Revenue Code. In addition, the Organization may make nonelective contributions as defined by the plan. The Organization's nonelective contributions for the years ended December 31, 2017 and 2016 totaled \$16,465 and \$16,133, respectively.

NOTE I - Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 27, 2019, the date the financial statements were available to be issued.