

MACCABI USA, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
AND
INDEPENDENT AUDITORS' REPORT

FRIEDMAN LLP[®]
ACCOUNTANTS AND ADVISORS

MACCABI USA, INC.

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ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Maccabi USA, Inc.
Philadelphia, Pennsylvania

Opinion

We have audited the accompanying financial statements of Maccabi USA, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 financial statements referred to above present fairly, in all material respects, the financial position of Maccabi USA, Inc. as of December 31, 2021 and 2020, 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. 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 Maccabi USA, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Maccabi USA, Inc.'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Maccabi USA, Inc.'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 Maccabi USA, Inc.'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.



Philadelphia, PA
November 9, 2022

MACCABI USA, INC.

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,457,584	\$ 1,621,246
Investments, Israel bonds	5,000	5,000
Pledges receivable, net of allowance	-	250,000
Prepaid expenses and other	1,932,140	318,844
Due from related parties	-	28,916
Total current assets	5,394,724	2,224,006
Property and equipment, net	17,725	6,080
Total assets	\$ 5,412,449	\$ 2,230,086
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 208,970	\$ 74,913
Deferred rent, current portion	6,291	3,891
Deferred revenue	1,617,660	-
Notes payable, current portion	1,193	101,231
Due to related parties	61,501	-
Total current liabilities	1,895,615	180,035
Long-term liabilities		
Notes payable, net of current portion	148,807	181,369
Deferred rent, net of current portion	8,774	15,065
Total non-current liabilities	157,581	196,434
Total liabilities	2,053,196	376,469
 Commitments		
Net Assets		
Without donor restrictions	(230,553)	(427,909)
With donor restrictions	3,589,806	2,281,526
Total net assets	3,359,253	1,853,617
Total liabilities and net assets	\$ 5,412,449	\$ 2,230,086

See notes to financial statements.

MACCABI USA, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended December 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Program revenues	\$ 211,441	\$ -	\$ 211,441	\$ 38,886	\$ -	\$ 38,886
Contributions						
Support of games	173,385	1,682,539	1,855,924	80,232	1,134,356	1,214,588
General	219,772	-	219,772	216,549	-	216,549
Related party		904,082	904,082	31,460	454,562	486,022
In-kind donation	-	-	-	60,000	-	60,000
Board member dues	12,290	-	12,290	20,163	-	20,163
Special events (net of direct donor benefit of \$90,456 in 2021 and \$84,165 in 2020)	452	128,783	129,235	13,928	157,652	171,580
Interest income	2,202	-	2,202	4,244	-	4,244
Forgiveness of debt - Paycheck Protection Program	278,255	-	278,255	-	-	-
Other income	29,351	-	29,351	-	-	-
Net assets released from restriction	1,407,124	(1,407,124)	-	448,450	(448,450)	-
Total support and revenue	2,334,272	1,308,280	3,642,552	913,912	1,298,120	2,212,032
Expenses						
Program services	1,674,486	-	1,674,486	1,042,191	-	1,042,191
Management and general	195,298	-	195,298	225,083	-	225,083
Fundraising	267,132	-	267,132	266,981	-	266,981
Total expenses	2,136,916	-	2,136,916	1,534,255	-	1,534,255
Change in net assets	197,356	1,308,280	1,505,636	(620,343)	1,298,120	677,777
Net assets, beginning of year	(427,909)	2,281,526	1,853,617	192,434	983,406	1,175,840
Net assets, end of year	\$ (230,553)	\$ 3,589,806	\$ 3,359,253	\$ (427,909)	\$ 2,281,526	\$ 1,853,617

See notes to financial statements.

MACCABI USA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program services				Management and General	Fundraising	Total
	Maccabiah Games	Mac @ Home	Other Programs	Total			
Personnel							
Salaries	\$ 343,199	\$ 44,855	\$ 178,684	\$ 566,738	\$ 46,249	\$ 121,129	\$ 734,116
Payroll taxes and employee benefits	52,853	6,908	27,517	87,278	7,123	18,654	113,055
Total personnel costs	396,052	51,763	206,201	654,016	53,372	139,783	847,171
Other expenses							
Advertising and marketing	23,789	6,812	6,816	37,417	-	20,435	57,852
Bank fees	63,366	-	-	63,366	6,669	-	70,035
Conferences	-	-	18,441	18,441	6,147	-	24,588
Depreciation	-	-	-	-	2,044	-	2,044
Insurance	30,301	3,960	15,776	50,037	4,083	10,695	64,815
IT support services	24,904	3,255	12,966	41,125	3,356	8,790	53,271
Maccabiah games	86,225	-	-	86,225	-	-	86,225
Membership fees	-	-	119,250	119,250	39,750	-	159,000
Newsletter	5,933	2,967	2,966	11,866	-	-	11,866
Office expenses	10,453	1,366	5,442	17,261	28,767	3,689	49,717
Other expenses	1,411	165	659	2,235	171	458	2,864
Postage and shipping	15,355	1,987	7,916	25,258	2,049	5,366	32,673
Professional fees	28,460	3,720	14,818	46,998	42,511	10,045	99,554
Registration fees	-	-	-	-	-	6,838	6,838
Rent	39,520	5,165	20,575	65,260	5,326	13,948	84,534
Special events	-	-	-	-	-	43,712	43,712
Support expenses	10,000	-	-	10,000	-	32	10,032
Team	241,424	-	150,061	391,485	-	845	392,330
Telephone	5,813	385	1,535	7,733	397	1,041	9,171
Travel and entertainment	20,364	86	343	20,793	189	232	21,214
Utilities	3,464	453	1,803	5,720	467	1,223	7,410
Total expenses	\$ 1,006,834	\$ 82,084	\$ 585,568	\$ 1,674,486	\$ 195,298	\$ 267,132	\$ 2,136,916

See notes to financial statements.

MACCABI USA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program services				Management and General	Fundraising	Total
	Maccabiah Games	Mac @ Home	Other Programs	Total			
Personnel							
Salaries	\$ 149,726	\$ 149,726	\$ 124,772	\$ 424,224	\$ 93,578	\$ 106,056	\$ 623,858
Payroll taxes and employee benefits	28,464	28,464	23,720	80,648	17,790	20,162	118,600
Total personnel costs	178,190	178,190	148,492	504,872	111,368	126,218	742,458
Other expenses							
Advertising and marketing	13,033	3,660	10,980	27,673	-	18,299	45,972
Bank fees	8,416	-	-	8,416	395	-	8,811
Depreciation	-	-	-	-	1,424	-	1,424
Insurance	15,573	15,573	12,978	44,124	9,733	11,031	64,888
IT support services	11,807	11,807	9,839	33,453	7,379	8,363	49,195
Marketing	3,480	3,480	2,900	9,860	2,175	2,465	14,500
Membership fees	37,920	37,920	31,600	107,440	23,700	26,860	158,000
Newsletter	4,606	1,151	3,453	9,210	-	-	9,210
Office expenses	4,763	4,763	3,968	13,494	11,507	3,374	28,375
Other expenses	5,627	51	2,698	8,376	534	416	9,326
Postage and shipping	2,576	2,499	6,812	11,887	198	11,137	23,222
Professional fees	67,523	26,733	51,737	145,993	40,856	9,305	196,154
Registration fees	-	-	-	-	-	23,076	23,076
Rent	19,645	19,644	16,369	55,658	12,277	13,914	81,849
Special events	-	-	-	-	-	8,514	8,514
Team	550	-	42,292	42,842	-	-	42,842
Telephone	1,749	1,334	1,113	4,196	833	945	5,974
Travel and entertainment	4,397	1,959	1,633	7,989	1,224	1,387	10,600
Utilities	2,367	2,367	1,974	6,708	1,480	1,677	9,865
Total expenses	\$ 382,222	\$ 311,131	\$ 348,838	\$ 1,042,191	\$ 225,083	\$ 266,981	\$ 1,534,255

See notes to financial statements.

MACCABI USA, INC.

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 1,505,636	\$ 677,777
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,044	1,424
Bad debt expense	-	500
Loan forgiveness - Paycheck Protection Program	(278,255)	-
Changes in operating assets and liabilities		
Pledges receivable	250,000	(240,000)
Prepaid expenses and other	(1,613,296)	(269,712)
Accounts payable and accrued expenses	134,057	(18,770)
Deferred rent	(3,891)	18,956
Deferred revenue	1,617,660	-
Net cash flows provided by operating activities	1,613,955	170,175
Cash flows from investing activities		
Acquisition of equipment	(13,689)	(2,399)
Due from related parties	28,916	(13,741)
Net cash provided by (used in) investing activities	15,227	(16,140)
Cash flows from financing activities		
Proceeds from notes payable	145,655	282,600
Due to related parties	61,501	-
Net cash flows provided by financing activities	207,156	282,600
Net increase in cash and cash equivalents	1,836,338	436,635
Cash and cash equivalents, beginning of year	1,621,246	1,184,611
Cash and cash equivalents, end of year	\$ 3,457,584	\$ 1,621,246

See notes to financial statements.

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

1 - NATURE OF ORGANIZATION

Maccabi USA Inc., (the “Organization”), 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 United States 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.

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

Maccabi USA 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 throughout 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.

Maccabi USA is officially recognized by the United States Olympic and Paralympic Committee as an Affiliated Organization and is an adjunct member of the Conference of Presidents of Major Jewish Organizations.

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements reflect the accounts of the Organization and have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP) and presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codifications (“ASC”) 958 *Not-for-Profit Entities*.

Net Assets

Net assets, revenues, 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. The net assets whose use is restricted by the Board of Directors are also included within net assets without donor restrictions. The Organization had no board restricted net assets at December 31, 2021 and 2020.

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 (endowments) are permanent in nature, where the donor stipulates that such resources be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Support and Revenue Recognition

In accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers* (“ASC 606”), the Organization determines the amount of revenue to be recognized through application of the following steps:

- Identification of the contract, or contracts with the customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the Organization satisfies the performance obligations.

Program revenues – Program revenues include amounts paid by athletes to participate in the various Maccabi games. These revenues are recognized at a point in time during the year in which the games are held. Accordingly, amounts received in advance are deferred until the event occurs. Application fees are recognized when the application is received regardless of when games will take place.

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and Revenue Recognition (Continued)

Contributions – In accordance with ASC 958, unconditional promises to give cash and other assets to the Organization are reported as contributions 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 statements of activities and changes in net assets as net assets released from restrictions. Restricted contributions received, whose restrictions are met in the same reporting period, are reflected as without restrictions.

Special events – Special events revenue include revenue generated from ticket sales and revenue received in sponsorships. Revenue earned from attendance at fundraising events is recognized at the time of the event. Revenue from sponsorships is considered contribution revenue as they are generally nonreciprocal transactions, therefore, recognized when the agreement is signed. Revenue from ticket sales are considered an exchange transaction for the value received. Amounts received in advance of the event are recorded as deferred revenue (contract liability) until the event is held. Expenses incurred in connection with an event that provide direct benefit to the donors offset special event revenue in the statements of activities and changes in net assets. For the year ended December 31, 2021, the revenue from special events amounted to \$219,691, of which \$90,456 was earned as a benefit to the donor. For the year ended December 31, 2020, the revenue from special events amounted to \$255,745, of which \$84,165 was earned as a benefit to the donor.

Paycheck protection program loan forgiveness – On April 7, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the “PPP Lender”), for an aggregate principal amount of \$132,600 (the “PPP Loan”). On May 13, 2021, the Small Business Administration has forgiven 100% of the loan and interest and repaid the bank in full. On February 16, 2021, the Organization applied for a second loan under the Paycheck Protection Program under the CARES Act. The loan was approved and received in the amount of \$145,655. On October 25, 2021, the Small Business Administration has forgiven 100% of the loan and interest and repaid the bank in full. As such, the forgiveness of these debts are recorded as other income in accordance with FASB ASC 470, Debt on the statement of activities and changes in net assets for the year ended December 31, 2021.

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less, which are not intended to be held for investment purposes, to be cash equivalents.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Any unrealized gains or losses on investments are included in the statements of activities and changes in net assets.

Unconditional Promises to Give

Unconditional promises to give are recorded as received at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount these amounts. Amortization of discounts is included in contribution revenue. The Organization uses an allowance method to determine uncollectible promises receivable. The allowance for doubtful accounts was \$42,000 for each of the years ended December 31, 2021 and 2020.

Conditional Promises to Give

Conditional promises to give are not recognized until the conditions on which they depend are substantially met and the promises become unconditional. As of December 31, 2021, the Organization had \$325,000 of unrecorded conditional promises to give from foundation grants which will be recognized when the Organization can show evidence of satisfaction of specific conditions as set forth by the donor, which consist of specific outside funding threshold.

Property and Equipment and Depreciation

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from 3 to 5 years. The cost of maintenance and repairs is charged to expense as incurred.

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions

Contributions of donated services that create or enhance non-financial 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, are recorded at their fair values in the period received as contributions with offsetting expenses. Contributed services consist of legal services received in the amount of \$60,000 for the year ended December 31, 2020. In addition, the Organization received donated services from a variety of unpaid volunteers. The value of these services is not reflected in the accompanying financial statements as these services do not meet the criteria for recognition as contributed services.

Functional Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization 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). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited. All expenses are allocated based on total salary and benefit costs, whose distribution to programs is determined based on the estimates of time and effort incurred by personnel.

Advertising Costs

Advertising costs are charged to expense as incurred. Advertising costs were \$57,852 and \$45,972 for the years ended December 31, 2021 and 2020, respectively.

Income Taxes

The Organization is exempt from federal income taxes under the provisions of the Internal Revenue Code Section 501(c)(3), and is exempt from state income taxes. The Organization is not a private foundation.

New Accounting Pronouncements Issued – Not Yet Adopted

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statements of financial position at the date of lease commencement. Leases will be classified either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statements of activities and changes in net assets. This standard will be effective for the calendar year ending December 31, 2022. The Organization is currently in the process of evaluation the impact of adoption of this ASU on its financial statements.

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	December 31,	
	2021	2020
Cash and cash equivalents	\$ 3,457,584	\$ 1,621,246
Israel bonds	5,000	5,000
Pledges receivable	-	250,000
Total financial assets available within one year	3,462,584	1,876,246
Less: amounts unavailable for general expenditures within one year, due to		
Restricted by donor with purpose restrictions	(1,731,363)	(2,002,557)
Total financial assets available to management for general expenditure within one year	\$ 1,731,221	\$ (126,311)

The Organization's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and program expenditures in fiscal year 2022.

Liquidity Management

The Organization, with oversight of the Board of Directors, maintains any excess funds in an interest bearing cash account. To help manage unanticipated liquidity needs, the Organization has a line of credit of \$750,000, that it can draw on to meet short-term cash needs (see Note 6).

4 - PLEDGES RECEIVABLE

Pledges receivable are as follows:

	December 31,	
	2021	2020
Gross pledges receivable	\$ 42,000	\$ 292,000
Less allowances for uncollectible pledges	(42,000)	(42,000)
Net pledges receivable	\$ -	\$ 250,000

All outstanding pledges at December 31, 2021 and 2020, are due within one year.

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

5 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	December 31,	
	2021	2020
Computer equipment	\$ 62,461	\$ 62,461
Computer software	51,718	51,718
Equipment	31,638	17,949
	145,817	132,128
Less accumulated depreciation	(128,092)	(126,048)
	\$ 17,725	\$ 6,080

6 - LINE OF CREDIT

The Organization had a revolving line of credit of \$500,000 which expired on May 30, 2020. In September 2021, the Organization signed an agreement for a revolving line of credit of \$750,000 which was originally due to expire on September 6, 2022, and was subsequently renewed through September 6, 2025. Interest is calculated at a variable rate equal to the greater of the prime rate plus 1.00% or 6.5%. The effective rate as of December 31, 2021 was 6.50%. Interest is payable monthly and the line of credit is unsecured. The outstanding balance was \$0 as of December 31, 2021 and 2020.

7 - NOTES PAYABLE

On August 6, 2020, the Organization qualified for and received a loan from the SBA under section 7(b) of the Small Business ACT, as amended, for an aggregate principal amount of \$150,000 (the "SBA Loan"). The SBA Loan bears interest at a fixed rate of 2.75% per annum, with the first twenty four months of interest and payments deferred, and has a term of thirty years. Monthly installment payments, including principal and interest, of \$641 will commence after the end of deferral period. The SBA Loan may be accelerated upon the occurrence of an event of default.

Future maturities of the notes payable are as follows:

Year Ending December 31,	
2022	\$ 1,193
2023	3,646
2024	3,747
2025	3,851
2026	3,959
Thereafter	133,604
	\$ 150,000

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

8 - NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31,	
	2021	2020
Subject to expenditure for specified purposes		
Maccabiah Games 2022	\$ 3,015,174	\$ 1,992,450
Israeli Olympic Baseball	30,823	78,549
Maccabi Media	252,782	70,153
Other	291,027	140,374
	<u>\$ 3,589,806</u>	<u>\$ 2,281,526</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes by the expiration of a time restriction or by occurrence of other events specified by donors.

	December 31,	
	2021	2020
Subject to expenditure for specified purposes		
Maccabiah Games 2022	\$ 1,204,088	\$ 416,228
Israeli Olympic Baseball	141,978	32,222
Maccabi Media	36,282	-
Other	24,776	-
	<u>\$ 1,407,124</u>	<u>\$ 448,450</u>

9 - FAIR VALUE MEASUREMENTS

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 the Organization has the ability to access.

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

9 - FAIR VALUE MEASUREMENTS (Continued)

- 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.
- 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021.

Israel bonds – The fair value of these securities is estimated based on models considering the estimated cash flows and expected yield. These securities have a contractual term.

The following table summarizes investment assets measured at fair value at December 31, 2021 and 2020. No change in value noted during the year ended December 31, 2021.

	Investments at Fair Value			
	Level 1	Level 2	Level 3	Total
Israel bonds	\$ -	\$ 5,000	\$ -	\$ 5,000
Total assets in the fair value hierarchy	\$ -	\$ 5,000	\$ -	\$ 5,000

10 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash at various financial institutions. At times, cash in these accounts may exceed the Federal Deposit Insurance Corporation limit of \$250,000. At December 31, 2021, the uninsured cash balance was approximately \$2,720,000. The Organization has not experienced any losses in such accounts.

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

11 - COMMITMENTS

Lease agreements

The Organization has an office lease agreement with a company owned by a former board member through December 31, 2023. The agreement allows for an extension for an additional two years through December 31, 2025.

The original lease agreement contained rent holidays and rent escalation clauses. US GAAP requires 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, 2021 and 2020, deferred rent of \$15,065 and \$18,956, respectively, is included in the statements of financial position.

Lease agreements

Rent expense, including taxes and operating expenses, for the years ended December 31, 2021 and 2020, was \$84,534 and \$81,849, respectively.

Future minimum lease commitments required under the lease agreement are as follows:

<u>Year Ending December 31,</u>		
2022	\$	65,556
2023		68,040
	\$	<u>133,596</u>

Employment Agreements

On occasion, the Organization will enter into employment contracts with key employees. The contracts typically provide for minimum guaranteed compensation, as well as certain employee benefits. Future minimum employment commitments required under employment contracts are as follows:

<u>Year Ending December 31,</u>		
2022	\$	225,086
2023		115,288
	\$	<u>340,374</u>

12 - 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. These contributions for the years ended December 31, 2021 and 2020 totaled \$16,391 and \$15,045, respectively.

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

13 - RELATED PARTY TRANSACTIONS

The Organization has common board members with the Endowment Fund of Maccabi USA. For the years ended December 31, 2021 and 2020, the Organization received grants and contributions from the Endowment Fund of Maccabi USA totaling approximately \$904,000 and \$486,000, respectively.

As of December 31, 2021 and 2020, the Organization had a due to related party balance of \$60,270 and due from related party balance of \$28,836 related to the Endowment Fund of Maccabi USA.

14 - UNCERTAIN TAX POSITIONS

Management of the Organization considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability or discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities, including changes to the Organization's status as a not-for profit entity. Management believes that the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore no provision for income taxes has been provided in these financial statements.

15 - RISKS AND UNCERTAINTIES

The spread of a novel strain of coronavirus (COVID-19) around the world has caused significant volatility in U.S. and international markets and is presently ongoing. 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, the Organization is unable to determine if it will have a material impact to its operations. As a result of the continued pandemic, the Maccabiah games, originally scheduled for June 2021, have been postponed to July 2022.

16 - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 9, 2022, the date on which the financial statements were available to be issued.