

**MACCABI USA, INC.**

**FINANCIAL STATEMENTS**

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

# MACCABI USA, INC.

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## INDEPENDENT AUDITORS' REPORT

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

### *Opinion*

We have audited the financial statements of Maccabi USA, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Maccabi USA, Inc. as of December 31, 2022 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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

### *Prior Year Financial Statements*

The financial statements of Maccabi USA, Inc. as of and for the year ended December 31, 2021 were audited by Friedman LLP whose practice was combined with Marcum LLP as September 1, 2022, and whose report dated November 9, 2022 expressed an unmodified opinion on those statements.

## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 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 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 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.

*Marcum LLP*

Philadelphia, PA  
November 10, 2023

# MACCABI USA, INC.

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,581,369	\$ 3,457,584
Investments, Israel bonds	5,000	5,000
Prepaid expenses and other	<u>123,748</u>	<u>1,930,909</u>
<b>Total Current Assets</b>	<u>1,710,117</u>	<u>5,393,493</u>
<b>Property and Equipment, Net</b>	<u>13,608</u>	<u>17,725</u>
<b>Operating Right-of-Use Assets</b>	<u>66,225</u>	<u>--</u>
<b>Beneficial Interest in Trust</b>	<u>1,552,004</u>	<u>--</u>
<b>Total Assets</b>	<u><u>\$ 3,341,954</u></u>	<u><u>\$ 5,411,218</u></u>

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

# MACCABI USA, INC.

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	2022	2021
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 102,371	\$ 208,970
Deferred revenue	58,509	1,617,660
Note payable, current portion	3,003	1,193
Operating lease liabilities, current portion	71,640	--
Deferred rent, current portion	--	6,291
Due to related parties	4,859	60,270
<b>Total Current Liabilities</b>	<u>240,382</u>	<u>1,894,384</u>
<b>Long-Term Liabilities</b>		
Note payable, net of current portion	146,997	148,807
Operating lease liabilities, net of current portion	3,528	--
Deferred rent, net of current portion	--	8,774
	<u>150,525</u>	<u>157,581</u>
<b>Total Liabilities</b>	<u>390,907</u>	<u>2,051,965</u>
<b>Commitments</b>		
<b>Net Assets</b>		
Without donor restrictions	942,030	(230,553)
With donor restrictions	2,009,017	3,589,806
<b>Total Net Assets</b>	<u>2,951,047</u>	<u>3,359,253</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 3,341,954</u>	<u>\$ 5,411,218</u>

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

# MACCABI USA, INC.

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

### FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>						
Program revenues	\$ 7,223,030	\$ --	\$ 7,223,030	\$ 314,477	\$ --	\$ 314,477
Contributions						
Support of games	3,108,673	768,770	3,877,443	70,349	1,682,539	1,752,888
General	375,235	1,753,947	2,129,182	219,772	--	219,772
Related party	719,845	--	719,845	--	904,082	904,082
Board member dues	9,685	--	9,685	12,290	--	12,290
Special events (net of direct donor benefit of \$179,622 in 2022 and \$90,456 in 2021)	125,328	106,836	232,164	452	128,783	129,235
Interest income	905	--	905	2,202	--	2,202
Forgiveness of debt - Paycheck Protection Program	--	--	--	278,255	--	278,255
Other income	9,123	--	9,123	29,351	--	29,351
Change in value of beneficial interest in trust	--	(201,943)	(201,943)	--	--	--
Net assets released from restriction	4,008,399	(4,008,399)	--	1,407,124	(1,407,124)	--
<b>Total Support and Revenue</b>	<u>15,580,223</u>	<u>(1,580,789)</u>	<u>13,999,434</u>	<u>2,334,272</u>	<u>1,308,280</u>	<u>3,642,552</u>
<b>Expenses</b>						
Program services	13,702,410	--	13,702,410	1,674,486	--	1,674,486
Management and general	144,813	--	144,813	195,298	--	195,298
Fundraising	560,417	--	560,417	267,132	--	267,132
<b>Total Expenses</b>	<u>14,407,640</u>	<u>--</u>	<u>14,407,640</u>	<u>2,136,916</u>	<u>--</u>	<u>2,136,916</u>
<b>Change in Net Assets</b>	1,172,583	(1,580,789)	(408,206)	197,356	1,308,280	1,505,636
<b>Net Assets, Beginning of Year</b>	<u>(230,553)</u>	<u>3,589,806</u>	<u>3,359,253</u>	<u>(427,909)</u>	<u>2,281,526</u>	<u>1,853,617</u>
<b>Net Assets, End of Year</b>	<u>\$ 942,030</u>	<u>\$ 2,009,017</u>	<u>\$ 2,951,047</u>	<u>\$ (230,553)</u>	<u>\$ 3,589,806</u>	<u>\$ 3,359,253</u>

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



# MACCABI USA, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services					Management and General	Fundraising	Total
	Maccabiah Games	Mac @ Home	Pan Am	Other Programs	Total			
<b>Personnel</b>								
Salaries	\$ 425,191	\$ 4,514	\$ 39,446	\$ 117,730	\$ 586,881	\$ 68,184	\$ 145,299	\$ 800,364
Payroll taxes and employee benefits	63,420	673	5,884	17,560	87,537	10,170	21,672	119,379
<b>Total Personnel Costs</b>	<u>488,611</u>	<u>5,187</u>	<u>45,330</u>	<u>135,290</u>	<u>674,418</u>	<u>78,354</u>	<u>166,971</u>	<u>919,743</u>
<b>Other Expenses</b>								
Advertising and marketing	21,343	779	3,608	3,596	29,326	2,721	6,283	38,330
Bank fees	181,878	212	1,853	5,575	189,518	3,297	7,353	200,168
Conferences	78	--	--	30	108	13	27	148
Depreciation	2,186	23	203	606	3,018	351	747	4,116
Direct fundraising costs	--	--	--	--	--	--	158,813	158,813
Insurance	47,703	506	4,426	13,208	65,843	7,650	16,302	89,795
IT support services	29,654	315	2,751	8,211	40,931	4,755	10,133	55,819
Maccabiah games	11,649,768	--	--	15,415	11,665,183	3,671	--	11,668,854
Membership fees	66,406	705	6,161	18,387	91,659	10,649	22,693	125,001
Newsletter	9,701	3,234	3,234	3,234	19,403	--	--	19,403
Office expenses	36,582	363	3,169	9,459	49,573	5,478	11,673	66,724
Other expenses	70,888	80	703	24,734	96,405	7,662	9,998	114,065
Postage and shipping	41,597	2,232	2,232	25,267	71,328	280	--	71,608
Professional fees	77,037	8,688	13,014	22,707	121,446	8,443	17,992	147,881
Registration fees	--	--	--	--	--	--	10,371	10,371
Occupancy lease	38,092	404	3,534	10,547	52,577	6,108	13,017	71,702
Special events	--	--	--	--	--	--	99,911	99,911
Support expenses	26,128	--	--	141,972	168,100	211	9	168,320
Team	66,994	--	3,841	106,168	177,003	--	--	177,003
Telephone	6,668	71	619	1,846	9,204	1,069	2,279	12,552
Travel and entertainment	116,900	119	1,036	7,785	125,840	3,150	3,818	132,808
Security	43,340	--	--	--	43,340	--	--	43,340
Utilities	5,932	63	550	1,642	8,187	951	2,027	11,165
<b>Total Expenses</b>	<u>\$ 13,027,486</u>	<u>\$ 22,981</u>	<u>\$ 96,264</u>	<u>\$ 555,679</u>	<u>\$ 13,702,410</u>	<u>\$ 144,813</u>	<u>\$ 560,417</u>	<u>\$ 14,407,640</u>

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

# MACCABI USA, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services				Management and General	Fundraising	Total
	Maccabiah Games	Mac @ Home	Other Programs	Total			
<b>Personnel</b>							
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
<b>Total Personnel Costs</b>	<u>396,052</u>	<u>51,763</u>	<u>206,201</u>	<u>654,016</u>	<u>53,372</u>	<u>139,783</u>	<u>847,171</u>
<b>Other Expenses</b>							
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
Occupancy lease	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
<b>Total Expenses</b>	<u>\$ 1,006,834</u>	<u>\$ 82,084</u>	<u>\$ 585,568</u>	<u>\$ 1,674,486</u>	<u>\$ 195,298</u>	<u>\$ 267,132</u>	<u>\$ 2,136,916</u>

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

**MACCABI USA, INC.**

**STATEMENTS OF CASH FLOWS**

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

	2022	2021
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (408,206)	\$ 1,505,636
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	4,116	2,044
Amortization of operating right-of-use assets	61,328	--
Accretion of operating lease liabilities	3,214	--
Contribution of a beneficial interest in trust	(1,753,947)	--
Change in the value of the beneficial interest in trust	201,943	--
Loan forgiveness - Paycheck Protection Program	--	(278,255)
Changes in operating assets and liabilities		
Pledges receivable	--	250,000
Prepaid expenses and other	1,807,161	(1,613,296)
Accounts payable and accrued expenses	(106,599)	134,057
Deferred rent	--	(3,891)
Deferred revenue	(1,559,150)	1,617,660
Operating lease liabilities	(70,664)	--
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(1,820,804)</b>	<b>1,613,955</b>
<b>Cash Flows From Investing Activities</b>		
Acquisition of equipment	--	(13,689)
Due from related parties	--	28,916
<b>Net Cash Provided by Investing Activities</b>	<b>--</b>	<b>15,227</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from notes payable	--	145,655
Due to related parties	(55,411)	61,501
<b>Net Cash (Used in) Provided by Financing Activities</b>	<b>(55,411)</b>	<b>207,156</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(1,876,215)</b>	<b>1,836,338</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>3,457,584</b>	<b>1,621,246</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,581,369</b>	<b>\$ 3,457,584</b>

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

# MACCABI USA, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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### NOTE 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 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 itself 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, Israel Sports Center for Disabled, the International Jewish Sports Hall of Fame, Israel's Olympic athletes and more.

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 Affiliate Organization and is an adjunct member of the Conference of Presidents of Major Jewish Organizations.

# MACCABI USA, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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### NOTE 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 (“U.S. GAAP”).

#### *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, 2022 and 2021.

#### *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 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 Financial Accounting Standards Board (“FASB”) Accounting Standards Board (“ASC”), *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.

# MACCABI USA, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

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

##### *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. Total program revenues recognized at a point in time for the years ended December 31, 2022 and 2021 were \$7,223,030 and \$314,477, respectively.

##### *Contributions*

In accordance with FASB ASC 958, *Not-for-profit Entities*, 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, 2022, the revenue from special events amounted to \$411,786, of which \$179,622 was earned as a benefit to the donor. 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.

# MACCABI USA, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

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

##### *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 (the “CARES 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 (“SBA”) forgave 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 SBA forgave 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.

#### *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.

#### *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.

# MACCABI USA, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

##### *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. At December 31, 2021, the unconditional promises to give were \$42,000 with an allowance for doubtful accounts of \$42,000. These receivables were written off against the allowance during the year ended December 31, 2022.

##### *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. These conditions were met and the contributions were recognized during the year ended December 31, 2022.

##### *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. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reported in the statements of activities and changes in net assets. The cost of maintenance and repairs is charged to expense as incurred.

##### *IMPAIRMENT OF LONG-LIVED ASSETS*

The Organization reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of asset and its eventual disposition is less than the carrying amount. Impairment, if any, is assessed using discounted cash flows. At December 31, 2022 and 2021, management did not consider the value of the long-lived assets to be impaired.



# MACCABI USA, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

#### *BENEFICIAL INTEREST IN TRUST*

The Organization is the beneficiary of an irrevocable trust held and administered by an independent trustee. Under the terms of the trust, the Organization has the irrevocable right to receive annual distributions of the trust assets through the year 2039 at which point the trust will be dissolved and the remaining assets distributed to the beneficiaries. The fair value of the beneficial interest in a trust is recognized as an asset and as a contribution with donor restrictions at the date the trust is established. The Organization's estimate of fair value at each reporting date is based on fair value information about the trust's assets received from trustees. Trust assets consist of, but are not limited to, cash and cash equivalents and marketable securities. These assets are not subject to control or direction of the Organization. Distributions from the trust are reported as a reduction of the trust asset. Gains and losses are reflected as the change in value of perpetual trust in the statements of activities and changes in net assets.

#### *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. 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.

#### *LEASES*

Effective January 1, 2022, the Organization adopted FASB ASC 842, *Leases* ("ASC 842"). The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances.

The Organization 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. The Organization elected the short-term lease recognition exemption for all leases that qualify. Consequently, for those leases that qualify, the Organization will not recognize right-of-use assets or lease liabilities on the statements of financial position. The Organization generally does not have access to the rate implicit in the lease, and therefore the Organization utilizes a risk-free rate as the discount rate.

# MACCABI USA, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

#### *LEASES (CONTINUED)*

The adoption of ASC 842 resulted in the recognition of operating right-of-use assets of \$127,553, net of deferred rent of \$15,065, and operating lease liability of \$142,618 as of January 1, 2022. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with the Organization's historical accounting treatment. The adoption of ASC 842 did not have a material impact on the Organization's results of operations and cash flows. See Note 9.

#### *ADVERTISING COSTS*

Advertising costs are charged to expense as incurred. Advertising costs were \$38,330 and \$57,852 for the years ended December 31, 2022 and 2021, 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.

#### *FUNCTIONAL EXPENSES*

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statements 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.

#### *RECLASSIFICATIONS*

Certain 2021 amounts have been reclassified to conform to the 2022 presentation. These reclassifications have no effect on the previously reported changes in net assets.

# MACCABI USA, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

##### *SUBSEQUENT EVENTS*

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 10, 2023, the date on which the financial statements were available to be issued.

#### NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	December 31,	
	2022	2021
Cash and cash equivalents	\$ 1,581,369	\$ 3,457,584
Investments, Israel bonds	<u>5,000</u>	<u>5,000</u>
<b>Total Financial Assets Available Within One Year</b>	1,586,369	3,462,584
Less: amounts unavailable for general expenditures within one year, due to restricted by donor with purpose restrictions	<u>(457,013)</u>	<u>(1,731,363)</u>
<b>Total Financial Assets Available to Management for General Expenditure Within One Year</b>	<u>\$ 1,129,356</u>	<u>\$ 1,731,221</u>

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 2023.

##### *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 5).

# MACCABI USA, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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### NOTE 4 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	December 31,	
	2022	2021
Computer equipment	\$ 10,873	\$ 62,461
Computer software	44,654	51,718
Equipment	<u>31,638</u>	<u>31,638</u>
	87,165	145,817
Less accumulated depreciation	<u>(73,557)</u>	<u>(128,092)</u>
	<u>\$ 13,608</u>	<u>\$ 17,725</u>

During the year ended December 31, 2022, the Organization disposed of fully depreciated property and equipment totaling \$58,652.

### NOTE 5 - LINE OF CREDIT

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, 2022 and 2021 was 6.50%. Interest is payable monthly and the line of credit is unsecured. The outstanding balance was \$0 as of December 31, 2022 and 2021.

### NOTE 6 - 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 30 months of interest and payments deferred, and has a term of 30 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.

# MACCABI USA, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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#### NOTE 6 - NOTES PAYABLE (CONTINUED)

Future maturities of the notes payable are as follows:

Year Ending December 31,	Amount
2023	\$ 3,003
2024	3,696
2025	3,799
2026	3,905
2027	4,013
Thereafter	131,584
	<u>\$ 150,000</u>

#### NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31,	
	2022	2021
Subject to expenditure for specified purposes		
Maccabiah Games 2022	\$ --	\$ 3,015,174
Israeli Olympic Baseball	50,727	30,823
Maccabi Media	96,000	252,782
Other	310,286	291,027
Subject to the passage of time		
Beneficial interest in trust	1,552,004	--
	<u>\$ 2,009,017</u>	<u>\$ 3,589,806</u>

# MACCABI USA, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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#### NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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,	
	2022	2021
Subject to expenditure for specified purposes		
Maccabiah Games 2022	\$ 3,392,298	\$ 1,204,088
Israeli Olympic Baseball	24,814	141,978
Maccabi Media	260,382	36,282
Other	<u>330,905</u>	<u>24,776</u>
	<u>\$ 4,008,399</u>	<u>\$ 1,407,124</u>

#### NOTE 8 - 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 U.S. GAAP 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.

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.

# MACCABI USA, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

#### NOTE 8 - FAIR VALUE MEASUREMENTS (CONTINUED)

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.

#### *BENEFICIAL INTEREST IN TRUST*

The fair value is estimated based on the unadjusted fair value of the trust assets reported by the trustee. Because the Organization does not have the ability to direct the trustee to redeem them, they are classified as Level 3 investments in the fair value hierarchy.

The following table summarizes investment assets measured at fair value:

	Investments at Fair Value at December 31, 2022			
	Level 1	Level 2	Level 3	Total
Israel bonds	\$ --	\$ 5,000	\$ --	\$ 5,000
Beneficial interest in trust	--	--	1,552,004	1,552,004
<b>Total Assets in the Fair Value Hierarchy</b>	<u>\$ --</u>	<u>\$ 5,000</u>	<u>\$ 1,552,004</u>	<u>\$ 1,557,004</u>
	Investments at Fair Value at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Israel bonds	\$ --	\$ 5,000	\$ --	\$ 5,000
<b>Total Assets in the Fair Value Hierarchy</b>	<u>\$ --</u>	<u>\$ 5,000</u>	<u>\$ --</u>	<u>\$ 5,000</u>

# MACCABI USA, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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### NOTE 8 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table reconciles the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3) of the beneficial interest in trust:

	December 31, 2022
Beneficial interest in perpetual trusts	
Beginning balance	\$ --
Contribution from trusts	1,753,947
Change in fair value of trusts	(201,943)
Ending balance	<u>\$ 1,552,004</u>

### NOTE 9 - COMMITMENTS

#### *OPERATING LEASES*

The Organization is obligated under various lease agreements for office space and equipment. These leases expire at various times through through April 2025.

Variable payments are not determinable at the lease commencement and are not included in the measurement of the lease assets and liabilities. The lease agreements do not include any material residual value guarantees or restrictive covenants.

The following summarizes the line items in the statement of financial position which include amounts for operating leases at December 31, 2022:

<b>Operating Right-of-Use Assets</b>	<u>\$ 66,225</u>
Operating lease liabilities, current portion	\$ 71,640
Operating lease liabilities, net of current portion	<u>3,528</u>
<b>Total Operating Lease Liabilities</b>	<u>\$ 75,160</u>

The components of operating lease costs that are included in the statement of activities and changes in net assets for the year ended December 31, 2022 were as follows:

Operating lease cost	
Fixed lease expense	\$ 70,664
Variable lease costs	<u>11,457</u>
	<u>\$ 82,121</u>



# MACCABI USA, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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#### NOTE 9 - COMMITMENTS (CONTINUED)

##### *OPERATING LEASES (CONTINUED)*

Rent expense, as previously defined under ASC 840, for all operating leases was \$84,534 for the year ended December 31, 2021.

The following summarizes the cash flow information related to operating leases for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating lease	\$ 70,664
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Weighted average lease term and discount rate are as follows at December 31, 2022:

Weighted average remaining lease term - operating	1.21 years
Weighted average discount rate - operating	3.05%

The maturities of the operating lease liability as of December 31, 2022, were as follows:

2023	\$ 72,752
2024	2,734
2025	<u>911</u>
<b>Total Lease Payments</b>	76,397
Less amount representing interest	<u>(1,229)</u>
<b>Present Value of Future Minimum Lease Payments</b>	75,168
Less current maturities	<u>(71,640)</u>
<b>Long-Term Lease Liability</b>	<u>\$ 3,528</u>

The following schedule summarizes the future minimum lease payments required under ASC 840 the operating lease agreements as of December 31, 2021 were as follows:

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

# MACCABI USA, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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#### NOTE 9 - COMMITMENTS (CONTINUED)

##### *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:

Year Ending December 31,	Amount
2023	\$ 235,288
2024	244,800
2025	255,840
2026	<u>131,040</u>
	<u>\$ 866,968</u>

#### NOTE 10 - 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, 2022 and 2021 totaled \$17,504 and \$16,391, respectively.

#### NOTE 11 - RELATED PARTY TRANSACTIONS

The Organization has common board members with the Endowment Fund of Maccabi USA. For the years ended December 31, 2022 and 2021, the Organization received grants and contributions from the Endowment Fund of Maccabi USA totaling approximately \$720,000 and \$904,000, respectively.

As of December 31, 2022 and 2021, the Organization had a due to related party balance of \$4,859 and \$60,270, respectively, related to the Endowment Fund of Maccabi USA.

# MACCABI USA, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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#### NOTE 12 - CONCENTRATION OF CREDIT RISK

##### *CASH*

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, 2022, the uninsured cash balance was approximately \$942,000. The Organization has not experienced any losses in such accounts.

##### *BENEFICIAL INTEREST IN TRUST*

A significant portion of the Organization's assets are the beneficial interest in trust. This asset is exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with this asset, it is at least reasonably possible that changes in the values of the underlying investments will occur in the near term and that such changes could materially affect the balance in the beneficial interest in trust and the amount reported in the financial statements.

#### NOTE 13 - 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.