

MACCABI USA, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

MACCABI USA, INC.

CONTENTS

Independent Auditors' Report	1-2
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Financial Statements

Statements of Financial Position	3-4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8

Notes to Financial Statements	9-24
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Maccabi USA, Inc.

Opinion

We have audited the financial statements of Maccabi USA, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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
October 10, 2024

MACCABI USA, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,424,555	\$ 1,581,369
Investments	5,000	5,000
Pledges receivable, net, current portion	676,872	--
Prepaid expenses and other	138,825	123,748
Due from related parties	<u>179,618</u>	<u>--</u>
Total Current Assets	<u>3,424,870</u>	<u>1,710,117</u>
Noncurrent Assets		
Pledges receivable, net of current portion and discount	356,169	--
Property and equipment, net	11,231	13,608
Operating right-of-use assets	303,830	66,225
Beneficial interest in trust	<u>1,733,625</u>	<u>1,552,004</u>
Total Noncurrent Assets	<u>2,404,855</u>	<u>1,631,837</u>
Total Assets	<u>\$ 5,829,725</u>	<u>\$ 3,341,954</u>

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

MACCABI USA, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	2023	2022
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 263,802	\$ 102,371
Deferred revenue	2,664	58,509
Note payable, current portion	6,699	3,003
Operating lease liabilities, current portion	69,265	71,640
Due to related parties	--	4,859
Total Current Liabilities	<u>342,430</u>	<u>240,382</u>
Long-Term Liabilities		
Note payable, net of current portion	143,301	146,997
Operating lease liabilities, net of current portion	234,565	3,528
	<u>377,866</u>	<u>150,525</u>
Total Liabilities	<u>720,296</u>	<u>390,907</u>
Commitments		
Net Assets		
Without donor restrictions	801,172	942,030
With donor restrictions	4,308,257	2,009,017
Total Net Assets	<u>5,109,429</u>	<u>2,951,047</u>
Total Liabilities and Net Assets	<u>\$ 5,829,725</u>	<u>\$ 3,341,954</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, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Program revenues	\$ 4,400,296	\$ --	\$ 4,400,296	\$ 7,223,030	\$ --	\$ 7,223,030
Contributions						
Support of games	63,381	1,579,749	1,643,130	3,108,673	768,770	3,877,443
General	202,255	267,666	469,921	375,235	1,753,947	2,129,182
Related party	257,580	610,412	867,992	719,845	--	719,845
Board member dues	3,824	--	3,824	9,685	--	9,685
Special events (net of direct donor benefit of \$169,305 in 2023 and \$179,622 in 2022)	330,576	74,312	404,888	125,328	106,836	232,164
Interest income	75,037	--	75,037	905	--	905
Other income	162,359	--	162,359	9,123	--	9,123
Change in value of beneficial interest in trust	--	274,541	274,541	--	(120,527)	(120,527)
Net assets released from restriction	507,440	(507,440)	--	4,089,815	(4,089,815)	--
Total Support and Revenue	<u>6,002,748</u>	<u>2,299,240</u>	<u>8,301,988</u>	<u>15,661,639</u>	<u>(1,580,789)</u>	<u>14,080,850</u>
Expenses						
Program services	5,069,609	--	5,069,609	13,702,410	--	13,702,410
Management and general	472,099	--	472,099	144,813	--	144,813
Fundraising	601,898	--	601,898	641,833	--	641,833
Total Expenses	<u>6,143,606</u>	<u>--</u>	<u>6,143,606</u>	<u>14,489,056</u>	<u>--</u>	<u>14,489,056</u>
Change in Net Assets	(140,858)	2,299,240	2,158,382	1,172,583	(1,580,789)	(408,206)
Net Assets, Beginning of Year	<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>
Net Assets, End of Year	<u>\$ 801,172</u>	<u>\$ 4,308,257</u>	<u>\$ 5,109,429</u>	<u>\$ 942,030</u>	<u>\$ 2,009,017</u>	<u>\$ 2,951,047</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, 2023

	Program Services					Management and General	Fundraising	Total
	Maccabiah Games	Mac @ Home	Pan Am	Other Programs	Total			
Personnel								
Salaries	\$ 55,912	\$ 3,310	\$ 370,805	\$ 98,350	\$ 528,377	\$ 186,558	\$ 192,110	\$ 907,045
Payroll taxes and employee benefits	7,540	446	50,003	13,263	71,252	25,157	25,906	122,315
Total Personnel Costs	<u>63,452</u>	<u>3,756</u>	<u>420,808</u>	<u>111,613</u>	<u>599,629</u>	<u>211,715</u>	<u>218,016</u>	<u>1,029,360</u>
Other Expenses								
Advertising and marketing	2,971	2,820	6,796	3,093	15,680	703	11,794	28,177
Alumni Events	278	--	--	3,693	3,971	--	42,874	46,845
Bank fees	7,231	428	47,958	12,720	68,337	24,129	24,847	117,313
Depreciation	292	17	1,940	514	2,763	977	1,005	4,745
Direct fundraising costs	--	--	--	--	--	--	28,025	28,025
Insurance	5,751	340	38,140	10,180	54,411	19,189	19,760	93,360
IT support services	--	--	--	--	--	52,151	--	52,151
Maccabiah games	31,646	--	--	--	31,646	--	--	31,646
Membership fees	9,246	547	61,321	16,264	87,378	30,852	31,770	150,000
Newsletter	480	480	480	480	1,920	--	1,922	3,842
Office expenses	3,010	211	28,229	6,260	37,710	39,201	12,227	89,138
Other expenses	650	5	23,887	3,418	27,960	3,251	10,165	41,376
Pan Am Games	--	--	254,407	--	254,407	--	--	254,407
Postage and shipping	802	47	5,318	1,410	7,577	2,675	2,755	13,007
Professional fees	12,857	6,377	51,650	18,085	88,969	27,083	47,544	163,596
Registration fees	--	--	2,348,385	--	2,348,385	--	--	2,348,385
Occupancy lease	5,005	296	33,195	8,804	47,300	16,701	17,198	81,199
Special events	192	--	--	57,569	57,761	147	24,037	81,945
Support expenses	--	--	8,700	141,797	150,497	21,200	99,517	271,214
Team	2,090	29	73,538	115,257	190,914	8,586	1,670	201,170
Telephone	337	20	2,238	594	3,189	1,126	1,160	5,475
Travel and entertainment	635	38	897,651	4,562	902,886	9,627	2,747	915,260
Security	--	--	37,539	--	37,539	--	--	37,539
Utilities	834	49	5,530	1,467	7,880	2,786	2,865	13,531
Winter Games	--	--	--	40,900	40,900	--	--	40,900
Total Expenses	<u>\$ 147,759</u>	<u>\$ 15,460</u>	<u>\$ 4,347,710</u>	<u>\$ 558,680</u>	<u>\$ 5,069,609</u>	<u>\$ 472,099</u>	<u>\$ 601,898</u>	<u>\$ 6,143,606</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			
Personnel								
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
Total Personnel Costs	<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>
Other Expenses								
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	20,369	124,436
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
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	81,425	249,736
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
Total Expenses	<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>\$ 641,833</u>	<u>\$ 14,489,056</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, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$ 2,158,382	\$ (408,206)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	4,745	4,116
Amortization of operating right-of-use assets	62,682	61,328
Accretion of operating lease liabilities	1,131	3,214
Contribution of a beneficial interest in trust	--	(1,753,947)
Change in the value of the beneficial interest in trust	(274,541)	120,527
Distributions from beneficial interest in trust	92,920	81,416
Changes in operating assets and liabilities		
Pledges receivable, net	(1,033,041)	--
Prepaid expenses and other	(15,077)	1,807,161
Accounts payable and accrued expenses	161,431	(106,599)
Deferred revenue	(55,845)	(1,559,150)
Operating lease liabilities	<u>(72,756)</u>	<u>(70,664)</u>
Net Cash Provided by (Used in) Operating Activities	<u>1,030,031</u>	<u>(1,820,804)</u>
Cash Flows From Investing Activities		
Acquisition of equipment	(2,368)	--
Due from related parties	<u>(179,618)</u>	<u>--</u>
Net Cash Used in Investing Activities	<u>(181,986)</u>	<u>--</u>
Cash Flows Used in Financing Activities		
Due to related parties	<u>(4,859)</u>	<u>(55,411)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	843,186	(1,876,215)
Cash and Cash Equivalents, Beginning of Year	<u>1,581,369</u>	<u>3,457,584</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,424,555</u>	<u>\$ 1,581,369</u>
Noncash Operating Activities		
Obtaining right-of-use asset in exchange for lease liability	\$ 300,287	\$ --

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

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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, 2023 AND 2022

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, 2023 and 2022.

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, 2023 AND 2022

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, 2023 and 2022 were \$4,400,296 and \$7,223,030, 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, 2023, the revenue from special events amounted to \$574,193, of which \$169,305 was earned as a benefit to the donor. 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.

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash and cash equivalents consist of cash in banks and money market funds held in investment portfolios. In addition, 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

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair value in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

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 (see Note 4). Amortization of discounts is included in contribution revenue. The Organization uses an allowance method to determine uncollectible promises receivable. No allowance for uncollectible accounts is considered necessary at December 31, 2023 and 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.

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT AND DEPRECIATION (CONTINUED)

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, 2023 and 2022, management did not consider the value of the long-lived assets to be impaired.

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 was 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.

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES

The Organization classifies leases in accordance with FASB ASC 842, *Leases* (“ASC 842”). Under 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 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.

ADVERTISING COSTS

Advertising costs are charged to expense as incurred. Advertising costs were \$28,177 and \$38,330 for the years ended December 31, 2023 and 2022, 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 2022 amounts have been reclassified to conform to the 2023 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, 2023 AND 2022

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 October 10, 2024, 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,	
	2023	2022
Cash and cash equivalents	\$ 2,424,555	\$ 1,581,369
Investments, Israel bonds	5,000	5,000
Pledges receivable, current portion	676,872	--
Due from related parties	<u>179,618</u>	<u>--</u>
Total Financial Assets Available Within One Year	3,286,045	1,586,369
Less: amounts unavailable for general expenditures within one year, due to restricted by donor with purpose restrictions	<u>(2,218,463)</u>	<u>(457,013)</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 1,067,582</u>	<u>\$ 1,129,356</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 2024.

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).

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 4 - PLEDGES RECEIVABLE, NET

The pledges are expected to be collected as follows:

	June 30,	
	2023	2022
Less than one year	\$ 676,872	\$ --
One to five years	<u>419,291</u>	<u>--</u>
	1,096,163	--
Less: Present value discount	<u>(63,122)</u>	<u>(--)</u>
	<u>\$ 1,033,041</u>	<u>\$ --</u>

Remaining long-term assessments were discounted to their present value assuming their respective terms using a discount rate of 8.5% based on date pledged or assessed, compounded annually.

NOTE 5 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	December 31,	
	2023	2022
Computer equipment	\$ 11,188	\$ 10,873
Computer software	44,654	44,654
Equipment	<u>31,638</u>	<u>31,638</u>
	87,480	87,165
Less accumulated depreciation	<u>(76,249)</u>	<u>(73,557)</u>
	<u>\$ 11,231</u>	<u>\$ 13,608</u>

Depreciation expense for 2023 and 2022 was \$4,745 and \$4,116, respectively. During the year ended December 31, 2023, the Organization disposed of fully depreciated property and equipment totaling \$2,053.

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 6 - LINE OF CREDIT

The Organization has a revolving line of credit allowing for maximum borrowings of \$750,000 which is due to expire on 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, 2023 and 2022 was 9.50% and 6.50%, respectively. Interest is payable monthly and the line of credit is unsecured. The outstanding balance was \$0 as of December 31, 2023 and 2022.

NOTE 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 30 months of interest and payments deferred, and has a term of 30 years. Monthly installment payments, including principal and interest, of \$641 commenced 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,	Amount
2024	\$ 6,699
2025	3,799
2026	3,905
2027	4,013
2028	4,125
Thereafter	<u>127,459</u>
	<u>\$ 150,000</u>

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31,	
	2023	2022
Subject to expenditure for specified purposes		
Maccabiah Games	\$ 1,777,771	\$ --
Israeli Olympic Baseball	28,152	50,727
Maccabi Media	167,764	96,000
Other	600,945	310,286
Subject to the passage of time		
Beneficial interest in trust	1,733,625	1,552,004
	\$ 4,308,257	\$ 2,009,017

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,	
	2023	2022
Subject to expenditure for specified purposes		
Maccabiah Games	\$ 131,770	\$ 3,392,298
Israeli Olympic Baseball	98,930	24,814
Maccabi Media	18,731	260,382
Other	165,089	330,905
Subject to the passage of time		
Beneficial interest in trust	92,920	81,416
	\$ 507,440	\$ 4,089,815

NOTE 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).

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 8 - FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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, 2023 and 2022.

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.

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 9 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes investment assets measured at fair value:

	Investments at Fair Value at December 31, 2023			
	Level 1	Level 2	Level 3	Total
Israel bonds	\$ --	\$ 5,000	\$ --	\$ 5,000
Beneficial interest in trust	<u> --</u>	<u> --</u>	<u>1,733,625</u>	<u>1,733,625</u>
Total Assets in the Fair Value Hierarchy	<u>\$ --</u>	<u>\$ 5,000</u>	<u>\$ 1,733,625</u>	<u>\$ 1,738,625</u>
	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	<u> --</u>	<u> --</u>	<u>1,552,004</u>	<u>1,552,004</u>
Total Assets in the Fair Value Hierarchy	<u>\$ --</u>	<u>\$ 5,000</u>	<u>\$ 1,552,004</u>	<u>\$ 1,557,004</u>

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,	
	2023	2022
Beneficial interest in trust		
Beginning balance	\$ 1,552,004	\$ --
Contribution from trust	--	1,753,947
Distribution from trust	(92,920)	(81,416)
Change in fair value of trust	<u>274,541</u>	<u>(120,527)</u>
	<u>\$ 1,733,625</u>	<u>\$ 1,552,004</u>

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 10 - COMMITMENTS

OPERATING LEASES

The Organization is obligated under various lease agreements for office space and equipment. These leases expire at various times through December 2027.

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:

	December 31,	
	2023	2022
Operating Right-of-Use Assets	<u>\$ 303,830</u>	<u>\$ 66,225</u>
Operating lease liabilities, current portion	\$ 69,265	\$ 71,640
Operating lease liabilities, net of current portion	<u>234,565</u>	<u>3,528</u>
Total Operating Lease Liabilities	<u>\$ 303,830</u>	<u>\$ 75,168</u>

The components of operating lease costs included in the statement of activities and changes in net assets are as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Operating lease cost		
Fixed lease expense	\$ 63,813	\$ 64,542
Variable lease costs	<u>17,386</u>	<u>7,160</u>
	<u>\$ 81,199</u>	<u>\$ 71,702</u>

The following summarizes the cash flow information related to operating leases for the years ended December 31, 2023 and 2022:

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

	2023	2022
Operating cash flows from operating lease	\$ 72,756	\$ 70,664

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 10 - COMMITMENTS (CONTINUED)

OPERATING LEASES (CONTINUED)

Weighted average lease term and discount rate are as follows at December 31, 2023 and 2022:

	2023	2022
Weighted average remaining lease term - operating	3.97 years	1.21 years
Weighted average discount rate - operating	4.23%	3.05%

The maturities of the operating lease liabilities as of December 31, 2023, were as follows:

2024	\$ 80,647
2025	85,907
2026	84,996
2027	<u>77,913</u>
Total Lease Payments	329,463
Less amount representing interest	<u>(25,633)</u>
Present Value of Future Minimum Lease Payments	303,830
Less current maturities	<u>(69,265)</u>
 Long-Term Lease Liabilities	 <u>\$ 234,565</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:

Year Ending December 31,	Amount
2024	\$ 244,800
2025	255,840
2026	<u>131,040</u>
	<u>\$ 631,680</u>

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 10 - COMMITMENTS (CONTINUED)

CONDITIONAL PROMISES TO GIVE

As of December 31, 2023, the Organization had \$166,875 of unrecorded conditional promises to give (grants) which will be recognized when the Organization can show evidence of satisfaction of specific conditions as set forth by the grant agreements.

NOTE 11 - 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, 2023 and 2022 totaled \$15,237 and \$17,504, respectively.

NOTE 12 - RELATED PARTY TRANSACTIONS

The Organization has common board members with the Endowment Fund of Maccabi USA Sports for Israel Inc. ("Endowment Fund"). For the years ended December 31, 2023 and 2022, the Organization received grants and contributions from the Endowment Fund totaling approximately \$868,000 and \$720,000, respectively.

As of December 31, 2023 and 2022, the Organization had a due from (to) related party balance of \$179,618 and \$(4,859), respectively, related to the Endowment Fund.

As of December 31, 2023, the Organization had a pledge receivable from related party balance of \$257,580 related to the Endowment Fund.

NOTE 13 - 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. The Organization has not experienced any losses in such accounts.

MACCABI USA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 13 - CONCENTRATION OF CREDIT RISK (CONTINUED)

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 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.

NOTE 15 - CARES ACT

The employee retention credit ("ERC") provides employers a refundable federal tax credit equal to 70% of the first \$10,000 of qualified wages and benefits paid to employees. Contributions to qualified medical plans also constitute creditable amounts. The credit is available to offset all federal employment withholdings owed in a particular quarter including both the employer and employee share of social security, Medicare taxes and withholdings for federal income taxes. To the extent that the credit exceeds employment withholdings, the employer may request a refund of prior taxes paid. The Organization received \$162,359 in ERC during the year ended December 31, 2023, which is recorded as other income on the statements activities and changes in net assets.