

**UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
A.K.A. MACCABI USA/SPORTS FOR ISRAEL**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

AND

INDEPENDENT AUDITORS' REPORT

FRIEDMAN LLP[®]

ACCOUNTANTS AND ADVISORS

**UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
A.K.A. MACCABI USA/SPORTS FOR ISRAEL**

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FRIEDMAN LLP®

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of United States Committee Sports for Israel, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statement 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United States Committee Sports for Israel, Inc. as of December 31, 2018, and the change 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.

Emphasis-of-Matter

As discussed in Note 2 to the financial statements, United States Committee Sports for Israel, Inc. adopted the Financial Accounting Standards Board Accounting Standards Update (“ASU”) No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Friedman LLP". The signature is written in a cursive, flowing style.

Philadelphia, Pennsylvania
November 8, 2019

UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
A.K.A. MACCABI USA/SPORTS FOR ISRAEL

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

ASSETS

Current assets

Cash and cash equivalents	\$	418,311
Investments, Israel bonds		5,000
Pledges receivable, current portion, net of allowance		27,960
Prepaid expenses and other		455,942
Due from related parties		5,741
<hr/>		
Total current assets		912,954
<hr/>		
Property and equipment, net		3,889
Pledges receivable, net of current portion		18,626
<hr/>		
		22,515
<hr/>		
Total assets	\$	935,469
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LIABILITIES AND NET ASSETS

Current liabilities

Line of credit	\$	150,000
Accounts payable and accrued expenses		234,431
Deferred rent		11,551
Deferred revenue		315,078
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Total current liabilities		711,060
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Commitments

Net Assets

Without donor restrictions		102,366
With donor restrictions		122,043
<hr/>		
Total net assets		224,409
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Total liabilities and net assets	\$	935,469
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See notes to financial statements.

**UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
A.K.A. MACCABI USA/SPORTS FOR ISRAEL**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Program revenues	\$ 891,210	\$ -	\$ 891,210
Contributions			
Support of games	61,719	93,148	154,867
General	607,169	-	607,169
In-kind donation	60,000	-	60,000
Special events	396,463	-	396,463
Board member dues	26,392	-	26,392
Interest income	4,000	-	4,000
Net assets released from restriction	-	-	-
Total support and revenue	2,046,953	93,148	2,140,101
Expenses			
Program services	1,857,576	-	1,857,576
Management and general	399,749	-	399,749
Fundraising	404,702	-	404,702
Total expenses	2,662,027	-	2,662,027
Change in net assets	(615,074)	93,148	(521,926)
Net assets, beginning of year	717,440	28,895	746,335
Net assets, end of year	\$ 102,366	\$ 122,043	\$ 224,409

See notes to financial statements.

UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
A.K.A. MACCABI USA/SPORTS FOR ISRAEL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Program services					Management and General			Total
	Maccabi Youth Games	European Games	Pan-Am Games	Other Programs	Total	General	Fundraising		
Personnel									
Salaries	\$ 246,557	\$ 144,533	\$ 178,541	\$ 68,016	\$ 637,647	\$ 59,514	\$ 153,035	\$ 850,196	
Payroll taxes and employee benefits	33,190	19,457	24,034	9,156	85,837	8,011	20,601	114,449	
Total personnel costs	279,747	163,990	202,575	77,172	723,484	67,525	173,636	964,645	
Other expenses									
Advertising and marketing	4,240	-	4,684	-	8,924	-	12,029	20,953	
Apparel	28,533	500	500	-	29,533	-	960	30,493	
Alumni events	-	-	-	34,012	34,012	-	-	34,012	
Bad debt recovery	-	-	-	-	-	(3,000)	-	(3,000)	
Bank fees	23,690	5,278	9,417	-	38,385	4,286	-	42,671	
Conferences	-	-	-	19,261	19,261	-	-	19,261	
Depreciation	-	-	-	-	-	1,377	-	1,377	
Dues	-	-	-	-	-	2,530	-	2,530	
Insurance	26,448	1,538	1,900	724	30,610	31,491	1,629	63,730	
Interest	-	-	-	-	-	1,484	-	1,484	
IT support services	16,848	9,877	12,201	4,648	43,574	4,067	10,458	58,099	
Marketing	-	2,951	-	-	2,951	13,300	-	16,251	
Membership fees	44,207	25,915	32,012	12,195	114,329	10,671	-	125,000	
Newsletter	32,206	-	-	-	32,206	-	10,735	42,941	
Office expenses	4,856	-	-	-	4,856	39,852	-	44,708	
Postage and shipping	6,166	-	5	-	6,171	3,758	23,663	33,592	
Printing	135	-	-	-	135	3,202	-	3,337	
Professional fees	-	-	-	-	-	157,082	-	157,082	
Raffle expenses	10,500	-	-	-	10,500	-	-	10,500	
Registration	320,101	-	-	-	320,101	-	7,230	327,331	
Rent	18,563	10,882	13,442	5,121	48,008	4,480	11,522	64,010	
Repairs and maintenance	-	-	-	-	-	1,381	-	1,381	
Security	6,660	-	-	-	6,660	-	-	6,660	
Special events	-	-	-	-	-	-	152,840	152,840	
Team expenses	10,718	-	10,769	14,632	36,119	-	-	36,119	
Telephone	929	135	150	-	1,214	12,174	-	13,388	
Travel and entertainment	338,003	391	8,149	-	346,543	31,548	-	378,091	
Utilities	-	-	-	-	-	12,541	-	12,541	
Total expenses	\$ 1,172,550	\$ 221,457	\$ 295,804	\$ 167,765	\$ 1,857,576	\$ 399,749	\$ 404,702	\$ 2,662,027	

See notes to financial statements.

UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
A.K.A. MACCABI USA/SPORTS FOR ISRAEL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

Cash flows from operating activities

Change in net assets	\$ (521,926)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	1,377
Bad debt recovery	(3,000)
Changes in operating assets and liabilities	
Accounts receivable	95,890
Pledges receivable	52,040
Prepaid expenses and other	(350,464)
Due from related party	(5,741)
Accounts payable and accrued expenses	(163,383)
Deferred rent	11,551
Deferred revenue	295,339
<hr/> Net cash used in operating activities	<hr/> (588,317)

Cash flows used in investing activities

Acquisition of equipment	(3,609)
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Cash flows provided by financing activities

Net borrowings on line of credit	150,000
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Net decrease in cash and cash equivalents	(441,926)
Cash and cash equivalents, beginning of year	860,237
<hr/> Cash and cash equivalents, end of year	<hr/> \$ 418,311

Cash paid during the year for:

Interest	\$ 1,484
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See notes to financial statements.

**UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
A.K.A. MACCABI USA/SPORTS FOR ISRAEL**

NOTES TO FINANCIAL STATEMENTS

1 - NATURE OF ORGANIZATION

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

Maccabi USA distinguishes themselves by:

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

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

Maccabi USA is one of 50 territorial representatives of Maccabi World Union, the international governing organization. Maccabi World Union has a membership of more than 400,000 throughout the world. The Maccabi movement, with ties to the ideals of Zionism and named for Judah (The Hammer) Maccabee, symbolizes Jewish excellence in sport.

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

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

**UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
A.K.A. MACCABI USA/SPORTS FOR ISRAEL**

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements reflect the accounts of the Organization and have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (US GAAP).

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets previously presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user’s ability to assess an entity’s available financial resources, along with its management of liquidity and liquidity risk. The Organization has adopted ASU 2016-14 for its fiscal year ended December 31, 2018 and has applied the amendments retrospectively to the financial statements and related footnotes.

The provisions of ASU 2016-14 improve presentation and disclosure to provide more relevant information about resources and changes in resources to donors, grantors and other users. There are qualitative and quantitative requirements in several areas including the following:

Temporarily and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restriction. The unrestricted net asset class has been renamed net assets without donor restrictions. The chart below illustrates the impact, caused by adopting ASU No. 2016-14, on classifications of January 1, 2018 net asset balances as follows:

Opening net assets classification for ASU No. 2016-14				
	Without donor restrictions		With donor restrictions	Total Net Assets
As previously presented:				
Unrestricted	\$	717,440	\$ -	\$ 717,440
Temporarily restricted		-	28,895	28,895
Net assets, as reclassified	\$	717,440	\$ 28,895	\$ 746,335

The financial statements also include a disclosure about liquidity and availability of resources (see Note 3).

**UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
A.K.A. MACCABI USA/SPORTS FOR ISRAEL**

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2018.

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.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America 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.

Unconditional Promises to Give

Unconditional promises to give are recorded as received at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount these amounts. Amortization of discounts is included in contribution revenue. The Organization uses an allowance method to determine uncollectible promises receivable. The allowance for doubtful accounts was \$47,874 as of December 31, 2018.

**UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
A.K.A. MACCABI USA/SPORTS FOR ISRAEL**

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

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

Property and Equipment and Depreciation

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

Revenue Recognition

Program revenue includes fees and related amounts paid by athletes to participate in the various Maccabi games. These revenues are recognized in the year in which the game is held. Accordingly, amounts received in advance are deferred until the event occurs. Application fees are recognized when application is received regardless of when games will take place.

Contributions

In accordance with US GAAP, contributions received are recorded as support with or without restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recorded upon receipt of notification. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from donor restrictions. Restricted contributions received, whose restrictions are met in the same reporting period, are reflected as without restrictions.

In-Kind Contributions

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received as contributions with offsetting expenses. Contributed services, consisting of legal services, for the year ended December 31, 2018 totaled \$60,000. In addition, the Organization received donated services from a variety of unpaid volunteers. The value of these services is not reflected in the accompanying financial statements as these services do not meet the criteria for recognition as contributed services.

Functional Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e. fundraising and management and general activities).

**UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
A.K.A. MACCABI USA/SPORTS FOR ISRAEL**

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses (Continued)

These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited. All expenses are allocated based on total salary and benefit costs, whose distribution to programs is determined based on the estimates of time and effort incurred by personnel.

Advertising Costs

Advertising costs are charged to expense as incurred. Advertising costs were \$20,953 for the year ended December 31, 2018.

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.

3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statement of financial position date for general expenditure as of December 31, 2018 are as follows:

Cash and cash equivalents	\$	418,311
Israel bonds		5,000
Pledge receivable, current		27,960
Total financial assets available within one year		451,271
Less: amounts unavailable for general expenditures within one year, due to		
Restricted by donor with purpose restrictions		71,900
Total financial assets available to management for general expenditure within one year		\$ 379,371

The Organization's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and planned increases in program expenditures in fiscal year 2019.

**UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
A.K.A. MACCABI USA/SPORTS FOR ISRAEL**

NOTES TO FINANCIAL STATEMENTS

3 - LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

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 committed line of credit of \$700,000, which it could draw upon.

4 - PLEDGES RECEIVABLE

Pledges receivable are as follows as of December 31, 2018:

Gross pledges receivable	\$	94,460
Less allowances for uncollectible pledges		(47,874)
<u>Net pledges receivable</u>	<u>\$</u>	<u>46,586</u>
Amounts due in		
Less than one year	\$	75,834
One to five years		18,626
<u>Gross pledges receivable</u>	<u>\$</u>	<u>94,460</u>

5 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of December 31, 2018:

Computer equipment	\$	58,401
Computer software		51,718
Equipment		17,949
		<u>128,068</u>
Less accumulated depreciation		(124,179)
	<u>\$</u>	<u>3,889</u>

Total depreciation expense for the year ended December 31, 2018 was \$1,377.

6 - LINE OF CREDIT

The Organization has a revolving line of credit with a credit limit of \$700,000. The line of credit expires on May 30, 2019. Upon expiration, the revolving line was reduced to a credit limit of \$500,000 and extended through May 30, 2020. The effective rate as of December 31, 2018 was 6.50%. Interest is payable monthly and the line of credit is unsecured. The outstanding balance was \$150,000 as of December 31, 2018.

**UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
A.K.A. MACCABI USA/SPORTS FOR ISRAEL**

NOTES TO FINANCIAL STATEMENTS

7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2018.

Subject to expenditure for specified purposes	
Maccabiah Games 2021	\$ 64,718
European Games 2019	15,986
PanAm Games 2019	34,157
Other	7,182
	<hr/>
	\$ 122,043

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 FASB ASC 820 are described as follows:

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

**UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
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NOTES TO FINANCIAL STATEMENTS

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, 2018.

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

The following table summarizes investment assets measured at fair value at December 31, 2018:

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

9 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash at various financial institutions. At times, cash in these accounts may exceed the Federal Deposit Insurance Corporation limit of \$250,000. At December 31, 2018, the uninsured cash balance was approximately \$72,400. The Organization has not experienced any losses in such accounts.

**UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
A.K.A. MACCABI USA/SPORTS FOR ISRAEL**

NOTES TO FINANCIAL STATEMENTS

10 - COMMITMENTS

The Organization has an office lease agreement with a company owned by a board member. The term of the lease is through November 30, 2019, and allows for an extension of an additional five years through November 2024. The extension has not yet been exercised.

The lease agreement contains rent holidays and rent escalation clauses. US GAAP requires rent expense to be recognized on a straight-line basis over the lease term. The difference between the rent due under the stated periods of the lease compared to that of the straight-line basis is recorded as deferred rent. At December 31, 2018, deferred rent of \$11,551, is included in the statement of financial position.

Rent expense, including taxes and operating expenses, for the years ended December 31, 2018 was \$64,010.

Minimum annual rental commitments under the current lease are \$72,680 for the year ending December 31, 2019.

Employment Agreements

On January 17, 2019, the Organization and a former employee agreed to end the employee's employment contract. As part of this agreement, the Organization agreed to pay this employee a one-time sum in the amount of \$72,075.

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

<u>Year Ending December 31,</u>	
2019	\$ 102,500
2020	208,075
2021	215,373
2022	225,086
2023	115,288
	<hr/>
	\$ 866,322

**UNITED STATES COMMITTEE SPORTS FOR ISRAEL, INC.
A.K.A. MACCABI USA/SPORTS FOR ISRAEL**

NOTES TO FINANCIAL STATEMENTS

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. The Organization's nonelective contributions for the years ended December 31, 2018 totaled \$11,321.

12 - RELATED PARTY TRANSACTIONS

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

For the year ended December 31, 2018, the Organization received grants and contributions from the Endowment Fund of Maccabi USA totaling approximately \$469,000.

Included in due from related party as of December 31, 2018 was \$5,703 due from Endowment Fund of Maccabi USA.

In the ordinary course of business, the Organization utilizes vendors that are owned by certain board member of the Organization, including a travel agency and office lease. During the year ended December 31, 2018, the Organization paid these entities \$542,545.

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.

14 - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 8, 2019, the date on which the financial statements were available to be issued.