

**MACCABI USA, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**

**FRIEDMAN LLP<sup>®</sup>**  
ACCOUNTANTS AND ADVISORS

**MACCABI USA, INC.**

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# FRIEDMAN LLP®

ACCOUNTANTS AND ADVISORS

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Maccabi USA, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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.

### 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 audits. We conducted our audits 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 Maccabi USA, Inc. as of December 31, 2019 and 2018, and the change in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Correction of Error**

As discussed in Note 3 to the financial statements, certain errors in reporting contribution revenue with donor restrictions for the year ended December 31, 2018, were discovered by management of the Organization during the current year. Accordingly, amounts reported for contribution revenue and release of net assets have been restated in the 2018 financial statements to correct the error. Our opinion is not modified with respect to that matter.

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

Philadelphia, Pennsylvania

November 20, 2020

**MACCABI USA, INC.**

**STATEMENTS OF FINANCIAL POSITION**

	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
		<b>(As Restated)</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,184,611	\$ 418,311
Investments, Israel bonds	5,000	5,000
Pledges receivable, current portion, net of allowance	-	27,960
Prepaid expenses and other	49,431	455,942
Due from related parties	15,175	5,741
Total current assets	1,254,217	912,954
Property and equipment, net	5,105	3,889
Pledges receivable, net of current portion and allowance	10,500	18,626
	15,605	22,515
Total assets	\$ 1,269,822	\$ 935,469
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Line of credit	\$ -	\$ 150,000
Accounts payable and accrued expenses	93,982	234,431
Deferred rent	-	11,551
Deferred revenue	-	315,078
Total current liabilities	93,982	711,060
 <b>Commitments</b>		
<b>Net Assets</b>		
Without donor restrictions	192,434	(316,214)
With donor restrictions	983,406	540,623
Total net assets	1,175,840	224,409
Total liabilities and net assets	\$ 1,269,822	\$ 935,469

See notes to financial statements.

MACCABI USA, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended December 31,					
	2019			2018 (As Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>						
Program revenues	\$ 3,541,182	\$ -	\$ 3,541,182	\$ 891,210	\$ -	\$ 891,210
Contributions						
Support of games	549,411	134,402	683,813	61,719	93,148	154,867
General	110,025	419,961	529,986	138,347	468,822	607,169
In-kind donation	60,000	-	60,000	60,000	-	60,000
Board member dues	35,164	-	35,164	26,392	-	26,392
Special events (net of direct donor benefit of \$90,563 in 2019 and \$30,104 in 2018)	124,299	77,702	202,001	366,359	-	366,359
Interest income	4,000	-	4,000	4,000	-	4,000
Net assets released from restriction	189,282	(189,282)	-	50,242	(50,242)	-
<b>Total support and revenue</b>	<b>4,613,363</b>	<b>442,783</b>	<b>5,056,146</b>	<b>1,598,269</b>	<b>511,728</b>	<b>2,109,997</b>
<b>Expenses</b>						
Program services	3,279,973	-	3,279,973	1,857,576	-	1,857,576
Management and general	414,699	-	414,699	399,749	-	399,749
Fundraising	410,043	-	410,043	374,598	-	374,598
<b>Total expenses</b>	<b>4,104,715</b>	<b>-</b>	<b>4,104,715</b>	<b>2,631,923</b>	<b>-</b>	<b>2,631,923</b>
<b>Change in net assets</b>	<b>508,648</b>	<b>442,783</b>	<b>951,431</b>	<b>(1,033,654)</b>	<b>511,728</b>	<b>(521,926)</b>
Net assets, beginning of year (as restated, see Note 3)	(316,214)	540,623	224,409	717,440	28,895	746,335
<b>Net assets, end of year</b>	<b>\$ 192,434</b>	<b>\$ 983,406</b>	<b>\$ 1,175,840</b>	<b>\$ (316,214)</b>	<b>\$ 540,623</b>	<b>\$ 224,409</b>

See notes to financial statements.

MACCABI USA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Program services					Management and		Total
	Maccabiah Games	European Games	Pan-Am Games	Other Programs	Total	General	Fundraising	
<b>Personnel</b>								
Salaries	\$ 66,294	\$ 152,477	\$ 165,736	\$ 26,518	\$ 411,025	\$ 106,071	\$ 145,848	\$ 662,944
Payroll taxes and employee benefits	11,443	26,319	28,608	4,577	70,947	18,308	25,175	114,430
<b>Total personnel costs</b>	<b>77,737</b>	<b>178,796</b>	<b>194,344</b>	<b>31,095</b>	<b>481,972</b>	<b>124,379</b>	<b>171,023</b>	<b>777,374</b>
<b>Other expenses</b>								
Advertising and marketing	9,482	-	2,217	-	11,699	-	5,002	16,701
Apparel	-	86,764	161,141	-	247,905	-	5,740	253,645
Alumni events	-	-	-	17,458	17,458	-	-	17,458
Bad debt recovery	-	-	-	-	-	(6,374)	-	(6,374)
Bank fees	742	36,678	73,070	-	110,490	2,831	-	113,321
Conferences	2,080	4,783	5,199	832	12,894	3,328	4,575	20,797
Depreciation	-	-	-	-	-	445	-	445
Dues	289	664	722	116	1,791	462	635	2,888
Insurance	7,015	21,133	17,536	2,806	48,490	11,223	15,432	75,145
Interest	-	-	-	-	-	1,984	-	1,984
IT support services	5,278	12,138	13,194	2,111	32,721	8,444	11,611	52,776
Marketing	2,400	7,181	6,000	960	16,541	3,840	5,280	25,661
Membership fees	15,800	36,340	39,500	6,320	97,960	25,280	34,760	158,000
Office expenses	2,025	13,992	11,571	809	28,397	4,058	4,455	36,910
Other expenses	832	818	12,208	-	13,858	-	-	13,858
Postage and shipping	635	3,903	8,944	112	13,594	448	37,971	52,013
Printing	12	-	-	-	12	-	1,502	1,514
Professional fees	-	-	-	-	-	213,622	-	213,622
Raffle	-	4,200	6,300	-	10,500	-	-	10,500
Registration	-	331,646	1,013,362	-	1,345,008	-	7,440	1,352,448
Rent	9,085	20,894	22,711	3,634	56,324	14,535	19,986	90,845
Security	-	52,440	43,187	-	95,627	-	-	95,627
Special events	-	-	-	-	-	-	76,112	76,112
Team	-	23,993	21,785	101,779	147,557	-	-	147,557
Telephone	722	4,048	3,809	289	8,868	1,155	1,588	11,611
Travel and entertainment	2,268	243,017	227,062	798	473,145	3,191	4,389	480,725
Utilities	1,155	2,657	2,888	462	7,162	1,848	2,542	11,552
<b>Total expenses</b>	<b>\$ 137,557</b>	<b>\$ 1,086,085</b>	<b>\$ 1,886,750</b>	<b>\$ 169,581</b>	<b>\$ 3,279,973</b>	<b>\$ 414,699</b>	<b>\$ 410,043</b>	<b>\$ 4,104,715</b>

See notes to financial statements.

MACCABI USA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Program services					Management and		Total
	Maccabi Youth Games	European Games	Pan-Am Games	Other Programs	Total	General	Fundraising	
<b>Personnel</b>								
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
<b>Other expenses</b>								
Advertising and marketing	4,240	-	4,684	-	8,924	-	12,029	20,953
Alumni events	-	-	-	34,012	34,012	-	-	34,012
Apparel	28,533	500	500	-	29,533	-	960	30,493
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	-	-	-	-	-	-	122,736	122,736
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	\$ 374,598	\$ 2,631,923

See notes to financial statements.



**MACCABI USA, INC.**

**STATEMENTS OF CASH FLOWS**

	<b>Year Ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 951,431	\$ (521,926)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	445	1,377
Bad debt recovery	(6,374)	(3,000)
Changes in operating assets and liabilities		
Accounts receivable	-	95,890
Pledges receivable	42,460	52,040
Prepaid expenses and other	406,511	(350,464)
Due from related parties	(9,434)	(5,741)
Accounts payable and accrued expenses	(140,449)	(163,383)
Deferred rent	(11,551)	11,551
Deferred revenue	(315,078)	295,339
Net cash flows provided by (used in) operating activities	917,961	(588,317)
<b>Cash flows used in investing activities</b>		
Acquisition of equipment	(1,661)	(3,609)
<b>Cash flows (used in) provided by financing activities</b>		
Net (repayments) borrowings on line of credit	(150,000)	150,000
Net increase (decrease) in cash and cash equivalents	766,300	(441,926)
Cash and cash equivalents, beginning of year	418,311	860,237
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,184,611</b>	<b>\$ 418,311</b>
Cash paid for interest	\$ 1,984	\$ 1,484

See notes to financial statements.

## MACCABI USA, INC.

### NOTES TO FINANCIAL STATEMENTS

#### 1 - NATURE OF ORGANIZATION

Maccabi USA Inc., (the “Organization”), formerly known as United States Committee Sports for Israel, Inc., 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.

## MACCABI USA, INC.

### NOTES TO FINANCIAL STATEMENTS

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of Presentation**

The accompanying financial statements reflect the accounts of the Organization and have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (US GAAP) and presented in accordance with Accounting Standards Update (“ASU”) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*.

##### **Net Assets**

Net assets, revenues, and other support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The net assets whose use is restricted by the Board of Directors are also included within net assets without donor restrictions. The Organization had no board restricted net assets at December 31, 2019 and 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.

##### **Support and Revenue Recognition**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (“ASC 606”). The standard’s core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services.

This standard also includes expanded disclosure requirements that result in an organization providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the organization’s contracts with customers. The standard supersedes existing revenue recognition guidance for contracts with customers. This standard was effective for annual reporting periods beginning after December 15, 2018. Effective January 1, 2019, the Organization adopted ASC 606 using the modified retrospective method. There was no cumulative effect of adopting ASC 606 to be recognized as an adjustment to opening net assets as of January 1, 2019. The initial application was applied to all contracts outstanding at January 1, 2019.

## MACCABI USA, INC.

### NOTES TO FINANCIAL STATEMENTS

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Support and Revenue Recognition** (Continued)

The Organization determines the amount of revenue to be recognized from contracts with customers through application of the following steps:

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

*Program revenues* – Program revenues include amounts paid by athletes to participate in the various Maccabi games. A portion of the amount paid by the athlete is considered a contribution to the Organization and has been classified as such with the Statement of Activities. These revenues are recognized at a point in time during the year in which the game is 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.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This ASU provides a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. The Organization adopted ASU 2018-08 as of January 1, 2019 under the modified prospective approach. The adoption of this ASU did not materially impact the financial statements.

*Contributions* – 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 statement of activities as net assets released from restrictions. Restricted contributions received, whose restrictions are met in the same reporting period, are reflected as without restrictions.

## MACCABI USA, INC.

### NOTES TO FINANCIAL STATEMENTS

#### 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Support and Revenue Recognition (Continued)**

*Special events* – Revenue earned from sponsorships or 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. 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 reported offsetting special event revenue in the Statement of Activities and Changes in Net Assets. For the year ended December 31, 2019, the revenue from special events amounted to \$292,564, of which \$90,563 was earned as a benefit to the donor. For the year ended December 31, 2018, the revenue from special events amounted to \$396,463, of which \$30,104 was earned as a benefit to the donor.

##### **Use of Estimates**

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

##### **Cash and Cash Equivalents**

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

##### **Investments**

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

##### **Unconditional Promises to Give**

Unconditional promises to give are recorded as received at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount these amounts. Amortization of discounts is included in contribution revenue. The Organization uses an allowance method to determine uncollectible promises receivable. The allowance for doubtful accounts was \$41,500 and \$47,874 as of December 31, 2019 and 2018, respectively.

##### **Property and Equipment and Depreciation**

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

## MACCABI USA, INC.

### NOTES TO FINANCIAL STATEMENTS

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **In-Kind Contributions**

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received as contributions with offsetting expenses. Contributed services, consisting of legal services, for the years ended December 31, 2019 and 2018, respectively, totaled \$60,000 and \$60,000, respectively. In addition, the Organization received donated services from a variety of unpaid volunteers. The value of these services is not reflected in the accompanying financial statements as these services do not meet the criteria for recognition as contributed services.

##### **Functional Expenses**

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

##### **Advertising Costs**

Advertising costs are charged to expense as incurred. Advertising costs were \$16,701 and \$20,953 for the years ended December 31, 2019 and 2018, 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.

##### **Reclassifications**

Certain 2018 amounts have been reclassified to conform to the 2019 presentation. These reclassifications have no effect on the previously reported change in net assets.

**MACCABI USA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**3 - RESTATEMENT**

The Organization restated contribution revenue with donor restrictions and the related net assets released from restriction for the year ended December 31, 2018 to properly reflect the net contribution received from a donor which was intended to be restricted for use for the 2021 Maccabiah Games. These contributions and related net assets were previously incorrectly reported as net assets without donor restrictions.

The following table presents the effects of the aforementioned revisions on the statement of financial position and the statement of activities and changes in net assets as of and for the year ended December 31, 2018.

	As Previously Reported	Restatement	As Restated
<b>Statement of Financial Position</b>			
Net assets without donor restrictions	\$ 102,366	\$ (418,580)	\$ (316,214)
Net assets with donor restrictions	122,043	418,580	540,623
Total net assets	224,409	-	224,409
<b>Statement of Activities and Changes in Net Assets</b>			
Contributions without donor restrictions - general	\$ 607,169	\$ (468,822)	\$ 138,347
Contributions with donor restrictions - general	-	468,822	468,822
Net assets released from restrictions	-	(50,242)	(50,242)
Total support and revenue without donor restrictions	2,046,953	(448,684)	1,598,269
Total support and revenue with donor restrictions	93,148	418,580	511,728
Change in net assets without donor restrictions	(615,074)	(418,580)	(1,033,654)
Change in net assets with donor restrictions	93,148	418,580	511,728
Net assets, end of year, without Donor restrictions	102,366	(418,580)	(316,214)
Net assets, end of year, with Donor restrictions	122,043	418,580	540,623

**MACCABI USA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**4 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

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

	December 31,	
	2019	2018 (As Restated)
Cash and cash equivalents	\$ 1,184,611	\$ 418,311
Israel bonds	5,000	5,000
Pledge receivable, current	-	27,960
<b>Total financial assets available within one year</b>	<b>1,189,611</b>	<b>451,271</b>
Less: amounts unavailable for general expenditures within one year, due to		
Restricted by donor with purpose restrictions	(983,406)	(540,623)
<b>Total financial assets available to management for general expenditure within one year</b>	<b>\$ 206,205</b>	<b>\$ (89,352)</b>

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 2020.

**Liquidity Management**

The Organization, with oversight of the Board of Directors, maintains any excess funds in an interest bearing cash account.

**5 - PLEDGES RECEIVABLE**

Pledges receivable are as follows:

	December 31,	
	2019	2018
Gross pledges receivable	\$ 52,000	\$ 94,460
Less allowances for uncollectible pledges	(41,500)	(47,874)
<b>Net pledges receivable</b>	<b>\$ 10,500</b>	<b>\$ 46,586</b>
Amounts due in		
Less than one year	\$ -	\$ 75,834
One to five years	52,000	18,626
<b>Gross pledges receivable</b>	<b>\$ 52,000</b>	<b>\$ 94,460</b>



**MACCABI USA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**6 - PROPERTY AND EQUIPMENT, NET**

Property and equipment consisted of the following:

	December 31,	
	2019	2018
Computer equipment	\$ 60,062	\$ 58,401
Computer software	51,718	51,718
Equipment	17,949	17,949
	129,729	128,068
Less accumulated depreciation	(124,624)	(124,179)
	\$ 5,105	\$ 3,889

Total depreciation expense for the years ended December 31, 2019 and 2018 was \$445 and \$1,377, respectively.

**7 - LINE OF CREDIT**

The Organization had a revolving line of credit with a credit limit of \$700,000 at December 31, 2018. The line of credit expired in July 2019. Upon expiration, the revolving line was reduced to a credit limit of \$500,000 and extended through May 30, 2020 and expired as of the date. The Organization is in the process of negotiating another line of credit as of the date of the report. The effective rate as of December 31, 2019 and 2018 was 6.50%. Interest is payable monthly and the line of credit is unsecured. The outstanding balance was \$0 and \$150,000 as of December 31, 2019 and 2018, respectively.

**8 - NET ASSETS WITH DONOR RESTRICTIONS**

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

	December 31,	
	2019	2018 (As restated)
Subject to expenditure for specified purposes		
Maccabiah Games 2022	\$ 940,935	\$ 483,299
European Games 2019	-	15,986
PanAm Games 2019	-	34,157
Other	42,471	7,180
	\$ 983,406	\$ 540,623

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.

**MACCABI USA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**8 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

	December 31,	
	2019	2018 (As Restated)
Subject to expenditure for specified purposes		
Maccabiah Games 2022	\$ 137,557	\$ 50,242
European Games 2019	15,986	-
PanAm Games 2019	34,157	-
Other	1,582	-
	\$ 189,282	\$ 50,242

**9 - FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

## MACCABI USA, INC.

### NOTES TO FINANCIAL STATEMENTS

#### 9 - FAIR VALUE MEASUREMENTS (Continued)

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, 2019.

*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, 2019 and 2018. No change in value noted during the year ended December 31, 2019.

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

#### 10 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash at various financial institutions. At times, cash in these accounts may exceed the Federal Deposit Insurance Corporation limit of \$250,000. At December 31, 2019, the uninsured cash balance was approximately \$1,039,000. The Organization has not experienced any losses in such accounts.

#### 11 - COMMITMENTS

##### Lease agreements

The Organization has an office lease agreement with a company owned by a board member. The term of the lease was through November 30, 2019 with an extension of an additional five years through November 2024. The extension was renegotiated and executed subsequent to year end under new terms, whereas the interim agreement was month-to-month. The amended lease term begins March 1, 2020 through December 31, 2023, and allows for an extension of an additional two years through December 31, 2025.

The original lease agreement contained rent holidays and rent escalation clauses. US GAAP requires rent expense to be recognized on a straight-line basis over the lease term. The difference between the rent due under the stated periods of the lease compared to that of the straight-line basis is recorded as deferred rent. At December 31, 2019 and 2018, deferred rent of \$0 and \$11,551, respectively, is included in the statements of financial position.

**MACCABI USA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**11 - COMMITMENTS** (Continued)

**Lease agreements** (Continued)

Rent expense, including taxes and operating expenses, for the years ended December 31, 2019 and 2018, was \$90,845 and \$64,010, respectively.

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

Year Ending December 31,	
2020	\$ 30,432
2021	63,156
2022	65,556
2023	68,040
	\$ 227,184

**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,	
2020	\$ 208,075
2021	215,373
2022	225,086
2023	115,288
	\$ 763,822

**12 - RETIREMENT PLAN**

The Organization has a 403(b) retirement plan. The plan covers all employees meeting certain eligibility requirements. Employees voluntarily make contributions to the Plan based upon limits established under the Internal Revenue Code. In addition, the Organization may make nonelective contributions as defined by the plan. These contributions for the years ended December 31, 2019 and 2018 totaled \$13,056 and \$11,321, respectively.

## MACCABI USA, INC.

### NOTES TO FINANCIAL STATEMENTS

#### 13 - RELATED PARTY TRANSACTIONS

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

For the years ended December 31, 2019 and 2018, the Organization received grants and contributions from the Endowment Fund of Maccabi USA totaling approximately \$420,000 and \$469,000, respectively.

Included in due from related party as of December 31, 2019 and 2018 was \$15,105 and \$5,703, respectively, due from Endowment Fund of Maccabi USA.

In the ordinary course of business, the Organization utilizes vendors that are owned by a certain board member of the Organization, including a travel agency and office lease. During the years ended December 31, 2019 and 2018, the Organization paid these entities \$533,415 and \$542,545, respectively.

#### 14 - UNCERTAIN TAX POSITIONS

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

#### 15 - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 20, 2020, the date on which the financial statements were available to be issued.

Maccabi USA's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which in March 2020, was declared a pandemic by the World Health Organization. The ultimate disruption which may be caused by the outbreak is uncertain; however it may result in a material adverse impact on the Maccabi USA's financial position, activities and net assets, and cash flows. Possible areas that may be affected include, but are not limited to, disruption to the Maccabi's contributions, program revenues, and fundraising events. As a result of the pandemic, the Maccabiah games, originally scheduled for June 2021, have been postponed to July 2022.

**MACCABI USA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**15 - SUBSEQUENT EVENTS (Continued)**

As a result of COVID-19, on March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (the “Act”) was signed into law. The Act amends the Small Business Act to include a new guaranteed, unsecured loan program (the “Paycheck Protection Program”). The Organization applied for a loan under the Paycheck Protection Program. On April 14, 2020, the loan was approved in the amount of \$132,600. The loan has a term of two years and is subject to interest of 1%. Interest (and potential principal payments) is deferred for the first six months. Subject to certain conditions as defined in the Act, up to 100% of the loan may be forgiven.

In addition, the Organization received an Economic Injury Disaster Loan (EIDL) advance in the amount of \$150,000 on August 6, 2020. The loan has a term of thirty years and is subject to interest of 2.75% per annum. Monthly installment payments, including principal and interest, of \$641 will begin on August 6, 2021.