EDUCATION FOR EMPLOYMENT

Financial Statements

December 31, 2015 and 2014

EDUCATION FOR EMPLOYMENT

December 31, 2015 and 2014

CONTENTS

[redacted]

Independent Auditor's Report

The Board of Directors
Education for Employment
Washington, D.C.

We have audited the accompanying financial statements of Education for Employment (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, 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.

Auditor's 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 audits 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 Education for Employment as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Edelstein & Company LLP

Boston, Massachusetts
June 28, 2016

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EDUCATION FOR EMPLOYMENT

Statements of Financial Position

December 31,	2015	2014
Assets:		
Cash	$ 1,340,510	$ 2,286,275
Accounts receivable	-	462
Grants receivable	386,757	211,373
Government contract receivable	208,186	118,096
Unconditional promises to give	185,810	5,800
Prepaid expenses	48,250	21,029
Furniture and equipment, net	15,336	8,808
Intangible assets, net	31,167	23,710
Deposits	13,220	13,220
Total assets	$ 2,229,236	$ 2,688,773
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued expenses	$ 679,062	$ 249,489
Line of credit	-	260,609
	679,062	510,098
Net assets:		
Unrestricted	42,626	18,107
Temporarily restricted	1,507,548	2,160,568
Total net assets	1,550,174	2,178,675
Total liabilities and net assets	$ 2,229,236	$ 2,688,773

EDUCATION FOR EMPLOYMENT

Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
Contributions	$ 529,954	$ 1,965,490	$ 2,495,444	$ 392,822	$ 2,961,865	$ 3,354,687
Government grants	1,780,960	-	1,780,960	1,383,672	-	1,383,672
Government contracts	589,930	-	589,930	456,971	-	456,971
In-kind contributions	885,700	-	885,700	2,402,700	-	2,402,700
Interest income	577	-	577	684	-	684
Satisfaction of program restrictions	2,618,510	(2,618,510)	-	2,519,733	(2,519,733)	-
Total support and revenue	6,405,631	(653,020)	5,752,611	7,156,582	442,132	7,598,714
Expenses:						
Program services	5,752,986	-	5,752,986	6,943,638	-	6,943,638
Management and general	567,721	-	567,721	430,116	-	430,116
Fundraising	60,405	-	60,405	46,576	-	46,576
Total expenses	6,381,112	-	6,381,112	7,420,330	-	7,420,330
Change in net assets	24,519	(653,020)	(628,501)	(263,748)	442,132	178,384
Net assets, beginning of year	18,107	2,160,568	2,178,675	281,855	1,718,436	2,000,291
Net assets, end of year	$ 42,626	$ 1,507,548	$ 1,550,174	$ 18,107	$ 2,160,568	$ 2,178,675

EDUCATION FOR EMPLOYMENT

Statements of Cash Flows

For the Years Ended December 31,	2015	2014
Cash flows (used in) provided by operating activities:		
Change in net assets	$ (628,501)	$ 178,384
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	14,872	3,720
Changes in operating assets and liabilities:		
Accounts receivable	462	22,489
Grants receivable	(175,384)	359,581
Government contract receivable	(90,090)	(100,700)
Unconditional promises to give - related party	-	250,000
Unconditional promises to give	(180,010)	(5,800)
Prepaid expenses	(27,221)	3,371
Accounts payable and accrued expenses	429,573	(108,822)
Net cash (used in) provided by operating activities	(656,299)	602,223
Cash flows used in investing activities:		
Purchase of furniture, computer software and office equipment	(28,857)	(31,797)
Cash flows (used in) provided by financing activities:		
(Repayments) borrowings on line of credit	(260,609)	260,609
(Decrease) increase in cash	(945,765)	831,035
Cash, beginning of year	2,286,275	1,455,240
Cash, end of year	$ 1,340,510	$ 2,286,275
Supplemental financial information:		
Cash paid during the year for interest	$ 2,606	$ 3,279

1. Organization and Purpose

Education for Employment (the "Organization") is a not-for-profit organization whose mission is to create employment opportunities for young people in the Middle East and North Africa through career training in vocational, technical, managerial and professional skills. It derives its revenues primarily from contributions from individuals and from grants and contracts from private foundations, the federal government, and corporate partners.

The Organization works in collaboration with non-government organizations ("NGO") in a variety of countries in the Middle East and Africa, by providing funding to support the local NGO's programs. The NGOs are independent entities that are subject to external audit requirements unique to the countries in which they operate. The programs are described as follows:

EFE Morocco

The Moroccan Education For Employment Foundation (EFE-Maroc) was established in 2007 and has trained nearly 3,200 youth in its job placement programs, placing 73% in jobs within six months. Additionally, EFE-Maroc has trained 12,200 youth at youth centers and public universities throughout Morocco in its Pathways To A Job training program. This year, EFE-Maroc will close out its 5-year partnership with the MasterCard Foundation which improved the job search and workplace skills of over 13,800 Moroccan youth and built the capacity of public universities and youth centers throughout Morocco. In 2015, USAID launched its Career Centers project, a four-year project led by FHI360, in which EFE will be serving as a major implementing partner. Through this project EFE-Maroc will lead the soft skills curriculum development process, facilitate the training of trainers for six career centers in Casablanca, Tangier and Marrakech, and place participants into internships in targeted industries. 2015 also saw the launch of Training for the Future (TfF), a three-year project with Accenture to train 5,000 youth in soft skills, and of those, an additional 500 will receive training for jobs in most demanded sectors.

EFE Yemen

Yemen Education For Employment Foundation (YEFE) was founded in 2009 with the mission to connect Yemeni youth to jobs and income through private sector partnerships, market demand driven training, and world class curriculums delivered by dynamic local trainers. Since inception, YEFE has trained over 2,000 youth in its job placement courses and placed nearly 60% of YEFE's graduates have been placed in jobs within 6 months of completing the training, and 33% of YEFE's trainees have been female, double the Yemeni national average for female labor participation. In 2011, in partnership with USAID, YEFE launched a nation-wide self-employment vocational program to train over 2,000 unemployed youth across Yemen, with trainings in welding, electricians, HVAC technicians, photography and agriculture. Since inception, YEFE has received significant investments from YEFE's Board of Trustees and other local partners, as well as MEPI, USAID, UNDP, ILO and GIZ to implement programming and establish offices in Sana'a, Aden, Taiz, and most recently Hadramaut and Hodeidah. In mid-2015, YEFE was forced to suspend its operations in Yemen due to the ongoing conflict in the country.

1. Organization and Purpose (continued)

EFE Egypt

EFE-Egypt launched program activities in 2009, and to date has trained 1,597 youth in its job placement programs and placed 81% of successful graduates in jobs. EFE|Egypt launched programs in banking and textile merchandising in partnership with MEPI in 2009, and since then has formed partnerships with a wide range of local and international organizations to deliver job placement training to unemployed Egyptian youth, including MEPI, the Spanish Agency for International Development (AECID), Alturki, Vodafone, Microsoft, JPMorgan, Motorola, Uber, and IDRC. EFE|Egypt has also delivered job readiness training to Egyptian university students through its Career Directions program and trained a total of 122 youth in its “Binaa” civic engagement training program. In 2014, EFE|Egypt launched its E-Commerce Entrepreneurship (ECE) Training Program in partnership with Souq.com to train aspiring entrepreneurs in business start-up and e-commerce skills.

EFE Jordan

Jordan Education For Employment (JEFE) was established in 2006 and to date it has trained over 2,700 youth in its job placement programs, placing 74% of graduates in jobs within six months. Additionally, JEFE has trained over 880 youth in its job readiness and entrepreneurship support programs. In 2009, JEFE became a coordinating NGO for the USAID-funded “Youth: Work Jordan” project administered by the International Youth Foundation. Through this program, JEFE worked with several community-based organizations in Jordan to train 1,500 youth, provide job placements, and offer entrepreneurial support to interested students. Starting in 2011, JEFE partnered with Intel to deliver pilot entrepreneurship training and linkages to start-up support to 610 Jordanian youth who had developed plans to start their own businesses. In 2013-2014, JEFE partnered with the UN Development Programme to undergo a national expansion and deliver vocational training courses for unemployed youth in eight governorates throughout Jordan. In 2015, JEFE launched projects with Boeing, the Stavros Niarchos Foundation, MEDAIR, UN Women, the Drosos Foundation, and Alwaleed Philanthropies to train youth in for jobs in a variety of industries including Retail, Hospitality, and Garment Manufacturing.

EFE Palestine

Palestinian Education For Employment Foundation (PEFE) the leading Palestinian civil society organization that provides demand-driven training for youth with limited opportunities. Founded in 2006 and operating in the West Bank, East Jerusalem and Gaza, PEFE has trained over 4,000 youth in its job placement programs and placed 73% of these graduates in jobs. Programs have included accounting, construction management, business administration, nursing, and virtual jobs for youth. In addition, PEFE has trained nearly 800 youth in entrepreneurship training, with 67% linked to start-up support and partnered with dozens of public universities to train over 2,000 university students in workforce readiness skills. Since 2011, PEFE has received significant investments from the Swiss-based Drosos Foundation, the European Union, Intel Foundation, MEPI and the Palestinian-based Welfare Association, among others. In 2013, PEFE developed three demand-driven, state-of-the art training curricula for nursing (with international certifications by the American Heart Association in Basic Life Support), sales, marketing and virtual jobs.

1. Organization and Purpose (continued)

EFE Tunisia

Since its inception in 2012, EFE-Tunisie has trained more than 1,200 youth in its job placement programs and placed 98% of graduates in jobs immediately after graduation. Additionally, EFE-Tunisie has partnered with public universities in four different regions of Tunisia to deliver Pathways To A Job training to 3,272 students in order to better prepare them to the job market. In 2015, EFE-Tunisie launched a 3-year Training for the Future (TfF) project with Accenture to train 5,000 youth in soft skills, and of those, an additional 500 will receive training for jobs in most demanded sectors. This past year, EFE-Tunisie partnered with the African Development Bank (AfDB) for the second iteration of the Souk At-Tanmia entrepreneurship project. To date, EFE-Tunisie has trained 544 youth in entrepreneurship skills with 100% of graduates linked to start up support.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

1) *Unrestricted net assets* are available for support of the Organization’s general operations.

2) *Temporarily restricted net assets* are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

3) *Permanently restricted net assets* represent the principal portion of endowment funds which cannot be expended. Income from the endowment funds is utilized in accordance with donors’ stipulations.

The Organization had no permanently restricted net assets at December 31, 2015 and 2014 or for the years then ended.

Use of Estimates and Subsequent Events

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Organization’s management has evaluated the effect which subsequent events may have on these financial statements. Management’s evaluation was completed on June 28, 2016, the date these financial statements became available to be issued. No events have occurred subsequent to the statement of financial position date and through the date of evaluation that meet the criteria required for disclosure or accrual.

Cash

Cash consists of checking account and money market deposits.

2. Summary of Significant Accounting Policies (continued)

Furniture, Equipment, and Intangible Assets

Furniture, office equipment, and computer software are stated at cost. Expenditures for maintenance, repairs, and renewals are charged to expense when incurred, whereas major additions are capitalized. Depreciation or amortization is provided on a basis sufficient to write off the cost of the assets over their estimated useful lives, ranging from three to five years.

Support and Revenue

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Grants and contributions that are classified as temporarily restricted are reclassified as unrestricted net assets upon satisfaction of the program restriction or expiration of the time restriction. The Organization has elected to report any restricted grants and contributions whose restrictions are met in the same reporting period as unrestricted support.

Contributions are recognized as revenues in the period in which the donor’s commitment is made. Conditional promises to give are not recognized as revenues until all conditions on which they depend are substantially met.

Under the terms of cost sharing and reimbursement agreements, government grants are recognized as revenue as expenses are incurred. Government contracts, which include subcontracts from federal agencies, are also recognized as revenue as expenses are incurred.

The Organization receives various types of in-kind support in the form of contributed services and other assets. Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills as provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received.

Interest income consists of interest earned on checking account and money market deposits.

Functional Allocation of Expenses

The costs of operating the various programs have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain indirect costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization operates as a tax-exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from federal income taxes on related income. Returns for tax years beginning with those filed for the year ended December 31, 2012 are open to examination.

Reclassifications

Certain amounts from 2014 have been reclassified on these financial statements in order to conform with 2015 presentation.

3. Unconditional Promises to Give

Unconditional promises to give are as follows at December 31:

	2015	2014
Receivable in one year or less	$ 97,480	$ 5,800
Between one and five years	100,000	-
Net present value discount	(11,670)	-
	88,330	-
	$ 185,810	$ 5,800

The present value of estimated future cash flows has been determined utilizing a discount rate equivalent to the Organization's incremental borrowing rate of LIBOR plus 3%.

As of December 31, 2015, the Organization has been awarded $1,866,159 of commitments that are conditional on the progress of the programs being funded. These commitments will be recognized as support when the conditions of the donors have been met by the Organization.

4. Grants Receivable

Grants receivable from government and non-government sources are stated at the amount management expects to collect on outstanding balances. Reimbursements for government grant expenditures are subject to government agency approval based on compliance with federal grant award provisions.

Grants receivable consisted of the following at December 31:

	2015	2014
Government agencies	$ 221,757	$ 139,796
Non-governmental sources	165,000	71,577
	$ 386,757	$ 211,373

5. Furniture, Equipment and Intangible Assets

Furniture and equipment consisted of the following at December 31:

	2015	2014
Furniture and fixtures	$ 9,312	$ 9,312
Equipment	43,036	29,539
Total furniture and equipment	52,348	38,851
Less - accumulated depreciation	37,012	30,043
	$ 15,336	$ 8,808

5. Furniture, Equipment and Intangible Assets (continued)

Intangible assets consisted of the following at December 31:

	2015	2014
Computer software	$ 135,330	$ 119,970
Less - accumulated amortization	104,163	96,260
	$ 31,167	$ 23,710

Depreciation expense for the years ended December 31, 2015 and 2014 was $6,969 and $3,720, respectively. Amortization expense for the year ended December 31, 2015 was $7,903.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of funds for the following programs at December 31:

	2015	2014
Jordan	$ 194,265	$ 169,848
Egypt	187,111	371,436
Morocco	214,972	1,382,070
Tunisia	69,631	81,371
Palestine	255,539	82,843
United Arab Emirates	229,541	28,269
Saudi Arabia	243,159	44,731
Time restricted grant	113,330	-
	$ 1,507,548	$ 2,160,568

Net assets released from restrictions during the years ended December 31 were as follows:

	2015	2014
Jordan	$ 383,082	$ 94,640
Egypt	307,326	116,751
Morocco	1,222,624	1,112,462
Tunisia	108,159	133,336
Palestine	245,756	283,872
West Bank	-	631,737
United Arab Emirates	262,083	5,064
Saudi Arabia	89,480	141,871
	$ 2,618,510	$ 2,519,733

7. In-Kind Contributions

The Organization received the following in-kind contributions during the years ended December 31:

	2015	2014
Legal	$ 63,700	$ 65,075
Accounting and other administrative services	250,000	250,000
Memberships	4,500	-
Public relations	-	3,000
Information technology	567,500	2,084,625
	$ 885,700	$ 2,402,700

Information technology services consisted of system licensing fees for training programs.

8. Lease

The Organization's lease of its office space located in Washington, D.C. expired on May 31, 2015. In February, 2015, the Organization renewed this lease agreement for a period of 18 months through November 30, 2016, and entered into a new lease agreement for additional office space in the same building for the term April 1, 2015 through October 31, 2016. Rent expense for the years ended December 31, 2015 and 2014 was $123,318 and $79,702, respectively. The Organization's future minimum lease obligation under the new lease agreements for 2016 is $126,172.

9. Employee Retirement Plan

The Organization maintains a defined contribution retirement plan for eligible employees. The Organization's contributions to the plan for the years ended December 31, 2015 and 2014 were $61,825 and $61,043, respectively.

10. Related Party Transactions

The Organization receives support from the Founder and Chairman of the Board of the Organization. The Founder contributed $150,000 to the Organization during both of the years ended December 31, 2015 and 2014.

In addition, the Founder's company provided consulting, accounting and other administrative services to the Organization having a fair value of $250,000 without charge, for each of the years ended December 31, 2015 and 2014.

11. Concentration Risks

The Organization has a concentration of credit risk in that it maintains deposits with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). The maximum insurance amount is $250,000 for interest-bearing accounts, which is applied per depositor, per insured depository institution for each account ownership category.

A concentration risk exists in that total contributions from two and three donors comprised 48% and 62% of support and revenue (excluding in-kind contributions) for the years ended December 31, 2015 and 2014, respectively. Donations from three donors comprised 80% and 95% of unconditional promises to give and grants receivable at December 31, 2015 and 2014, respectively. In addition, pro bono services from one vendor comprised 10% and 27% of total support and revenue for the years ended December 31, 2015 and 2014, respectively.

12. Line of Credit

The Organization has a revolving line-of-credit agreement with its bank permitting advances up to $300,000. Advances bear interest at the LIBOR rate plus 3%. The line of credit is secured and collateralized by the Organization's property and equipment as well as its receivables. As of December 31, 2015, the Organization had no outstanding balance on its line of credit.