

EDUCATION FOR EMPLOYMENT

Financial Statements

December 31, 2020 and 2019

EDUCATION FOR EMPLOYMENT

December 31, 2020 and 2019

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Independent Auditor's Report

To the Board of Directors
Education for Employment
Washington, D.C.

We have audited the accompanying financial statements of Education for Employment (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 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 Education for Employment as of December 31, 2020 and 2019, 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 30, 2021

EDUCATION FOR EMPLOYMENT

Statements of Financial Position

December 31,

2020

2019

Assets:

Cash	\$ 1,798,534	\$ 597,725
Grants receivable	350,228	318,931
Government contract receivable	204,098	746,400
Pledges receivable	59,115	501,248
Accounts receivable	419	10,416
Prepaid expenses	41,500	42,296
Furniture and equipment, net	4,594	2,951
Intangible assets, net	36,750	68,059
Deposits	25,895	28,643

Total assets

\$ 2,521,133 \$ 2,316,669

Liabilities and net assets

Liabilities:

Accounts payable	\$ 112,549	\$ 89,165
Accrued expenses	179,475	139,343
Grants payable	395,972	147,943
Deferred rent	89,258	69,715
Total liabilities	<u>777,254</u>	<u>446,166</u>

Net assets (deficit):

Without donor restrictions	(428,443)	(225,144)
With donor restrictions	2,172,322	2,095,647
Total net assets	<u>1,743,879</u>	<u>1,870,503</u>

Total liabilities and net assets

\$ 2,521,133 \$ 2,316,669

EDUCATION FOR EMPLOYMENT

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

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions and grants	\$ 1,687,545	\$ 1,891,169	\$ 3,578,714	\$ 1,328,762	\$ 2,394,612	\$ 3,723,374
Government grants	867,132	-	867,132	1,153,875	-	1,153,875
Government funded subcontracts	408,452	-	408,452	1,612,399	-	1,612,399
In-kind contributions	275,727	-	275,727	721,981	-	721,981
Interest income	64	-	64	42	-	42
Net assets released from restrictions	1,814,494	(1,814,494)	-	2,702,743	(2,702,743)	-
Total support and revenue	5,053,414	76,675	5,130,089	7,519,802	(308,131)	7,211,671
Expenses:						
Program services	3,376,222	-	3,376,222	5,201,334	-	5,201,334
Management and general	1,685,541	-	1,685,541	2,087,462	-	2,087,462
Fundraising	194,950	-	194,950	237,925	-	237,925
Total expenses	5,256,713	-	5,256,713	7,526,721	-	7,526,721
Changes in net assets	(203,299)	76,675	(126,624)	(6,919)	(308,131)	(315,050)
Net assets (deficit) , beginning of year	(225,144)	2,095,647	1,870,503	(218,225)	2,403,778	2,185,553
Net assets (deficit), end of year	\$ (428,443)	\$ 2,172,322	\$ 1,743,879	\$ (225,144)	\$ 2,095,647	\$ 1,870,503

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

EDUCATION FOR EMPLOYMENT

Statements of Cash Flows

For the Years Ended December 31,

2020

2019

Cash flows from operating activities:

Change in net assets	\$ (126,624)	\$ (315,050)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	69,723	74,375
Changes in operating assets and liabilities:		
Grants receivable	(31,297)	(187,096)
Government contract receivable	542,302	(479,874)
Pledges receivable	442,133	(455,018)
Accounts receivable	9,997	(10,416)
Prepaid expenses	796	10,201
Deposits	2,748	(13,220)
Accounts payable	23,384	26,298
Accrued expenses	40,132	7,741
Grants payable	248,029	119,289
Deferred rent	19,543	69,715
Net cash provided by (used in) operating activities	<u>1,240,866</u>	<u>(1,153,055)</u>

Cash flows from investing activities:

Purchase of equipment	(3,307)	(2,382)
Software development costs	(36,750)	-
Net cash used in investing activities	<u>(40,057)</u>	<u>(2,382)</u>

Increase (decrease) in cash

1,200,809 (1,155,437)

Cash, beginning of year

597,725 1,753,162

Cash, end of year

\$ 1,798,534 \$ 597,725

EDUCATION FOR EMPLOYMENT

Statements of Functional Expenses

For the Years Ended December 31,

	2020				2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Grants	\$ 2,028,979	\$ 5,711	\$ -	\$ 2,034,690	\$ 3,782,666	\$ -	\$ -	\$ 3,782,666
Salaries and compensation	799,717	750,122	133,137	1,682,976	741,439	627,172	158,027	1,526,638
Technology	138,671	170,683	109	309,463	165,004	129,687	-	294,691
Consulting	171,310	120,710	3,993	296,013	84,674	150,646	-	235,320
Accounting	-	280,500	-	280,500	-	279,950	-	279,950
Payroll taxes and benefits	120,084	116,489	27,460	264,033	122,924	98,073	31,672	252,669
Occupancy	77,200	38,802	17,659	133,661	75,587	62,567	16,441	154,595
Depreciation and amortization	-	69,723	-	69,723	-	74,375	-	74,375
Travel	24,023	19,885	3,312	47,220	127,880	85,614	12,454	225,948
Office expenses	4,557	33,341	-	37,898	7,589	45,941	7	53,537
Miscellaneous	256	15,747	2,801	18,804	-	21,498	7,332	28,830
Insurance	-	17,893	-	17,893	314	16,635	-	16,949
Marketing	4,421	5,915	6,479	16,815	3,054	287,950	3,739	294,743
Legal	-	15,727	-	15,727	-	170,486	-	170,486
Recruitment	-	12,825	-	12,825	15	2,451	-	2,466
Telephone	1,864	8,269	-	10,133	449	11,557	40	12,046
Staff training and development	640	3,199	-	3,839	-	9,628	-	9,628
Training costs and materials	2,742	-	-	2,742	22,608	720	-	23,328
Hospitality	1,758	-	-	1,758	67,131	12,512	8,213	87,856
	<u>\$ 3,376,222</u>	<u>\$ 1,685,541</u>	<u>\$ 194,950</u>	<u>\$ 5,256,713</u>	<u>\$ 5,201,334</u>	<u>\$ 2,087,462</u>	<u>\$ 237,925</u>	<u>\$ 7,526,721</u>

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

EDUCATION FOR EMPLOYMENT

Notes to Financial Statements

1. Organization and Purpose

Education for Employment (the “Organization” or “EFE”) is a nonprofit organization whose mission is to create employment opportunities for young people in the Middle East and North Africa (“MENA”) 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 to date has trained many youth on employability and job training and placement programs. EFE-Maroc began programming under the “Advancing Local Labor Opportunities in Western Sahara” (ALLOWS) project with the International Republican Institute (“IRI”), funded by the U.S. Department of State. EFE-Maroc held a training of trainers and a job training and placement program in Dakhla in the Education sector. EFE-Maroc continued its work with strategic partners Citi Foundation and The Boeing Company. Both programs utilize Accenture’s Emplea+ platform to improve graduates’ digital skills and competencies. In May 2020, EFE-Maroc was awarded an innovation award funded by The Velaj Foundation and facilitated by EFE. Through this project, EFE-Maroc plans to install a hiring kiosk in the Atlantic Free Zone of Kenitra to increase youth access to available jobs in the industrial park.

EFE Yemen

Education for Employment-Yemen (“EFE-Yemen”) was founded in 2008 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. EFE-Yemen has trained many youth in its job placement and self-employment courses and including females in spite of a low Yemeni national average for female labor participation. In 2020, EFE-Yemen implemented the Medical Employment and Development (“MED”) I project, which ended October 2020, and the follow-up MED II project, which started in December 2020. The MED projects are supported by Catholic Relief Services and address the critical humanitarian needs for medical care in Yemen while providing unemployed Yemeni youth with access to economic opportunities in the healthcare sector.

EFE Egypt

Education for Employment-Egypt (“EFE-Egypt”) was founded in 2007 to provide youth with a brighter future and help businesses find the skilled entry-level employees their industries demand. To achieve this mission, EFE-Egypt delivers Job Placement Training Programs (JPTP) to connect youth with employment opportunities and Career Directions (“CD”) programming to provide youth with job search and employability skills. In 2020, EFE-Egypt implemented JPTPs for various young women and CDs for numerous youth through the Boeing 2019 project. In December 2020, EFE-Egypt received approval from the Ministry of Social Solidarity to begin program implementation of the Boeing 2020 project.

EDUCATION FOR EMPLOYMENT

Notes to Financial Statements

1. Organization and Purpose (continued)

EFE Jordan

Education for Employment-Jordan (“EFE-Jordan”) was established in 2006 and has trained a significant number of youth in its job placement and entrepreneurship support programs. During 2020, EFE-Jordan continued the Training for Employment Activity (TEA) funded by USAID, providing training and job placements in garment manufacturing, beauty, call centers, and digital marketing for Syrian and Jordanian youth. EFE-Jordan continues to secure placements for the graduates after providing training. EFE-Jordan continued its work with strategic partner Boeing, training and placing youth in the retail sales sector.

EFE Palestine

Education for Employment-Palestine (“EFE-Palestine”) is a 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, EFE-Palestine partners with local businesses and universities to place youth in jobs and support young entrepreneurs. In 2020, EFE-Palestine completed Year 3 of the “Improving the Livelihood of Youth in Gaza: Job Training, Entrepreneurship, and Pathways Programs” project funded by Islamic Relief USA, and successfully applied for a no-cost extension to reprogram funds and serve additional beneficiaries. Youth participated in job training and placement programming, and many graduates were immediately placed in paid internships upon completion. In October, EFE-Palestine launched the “Scale Up & Thrive” project funded by the Palestinian Affairs Unit at the U.S. Department of State. Through this project, EFE-Palestine will train 40 women in advanced entrepreneurship, and will facilitate a weeklong exchange program for 5 of the beneficiaries in partnership with International Strategic Management, Inc.

EFE Tunisia

Since its inception in 2012, Education for Employment-Tunisie (“EFE-Tunisie”) has connected youth to improved labor market outcomes through targeted trainings. EFE-Tunisie partners with public universities, government institutions, and private sector actors in order to develop tailored technical, soft skills, and entrepreneurship trainings across all of the regions of Tunisia. In 2020, EFE-Tunisie, with prime implementer Chemonics, continued implementing its first contract under the five-year USAID/Tunisia Business Reform and Competitiveness Program II (“BRCP II”) (later renamed “Jobs, Opportunities and Business Successes” (JOBS)). Under JOBS, EFE-Tunisie is working to improve the match between skills demanded by the labor market and the training provided by educational institutions with two primary activities: curricula reform and capacity building of university career centers. EFE-Tunisie also continued implementation of the Supporting Job Creation for Young Tunisians from Marginalized Communities project, which is supported by the U.S. Department of State, Bureau of Near Eastern Affairs’ Office of Assistance Coordination (NEA/AC). The NEA project provides youth with demand-driven job and entrepreneurship training as well as strengthens the capacity of business development organizations and vocational training centers to support youth. The Training for the Future: Employment and Awareness for Youth in MENA (also referred to as Citi 7) project, supported by Citi Foundation, provided unemployed youth with economic opportunity through employability, soft skills, and technical training programming.

EDUCATION FOR EMPLOYMENT

Notes to Financial Statements

1. Organization and Purpose (continued)

EFE KSA

Since its inception in 2016, Education for Employment-Saudi Arabia (“EFE-KSA”) has connected Saudi youth with employment skills and opportunities while providing skilled young talent to businesses in Saudi Arabia. EFE-KSA works to develop practical training programs aligned with their workforce requirements, qualifying job-ready and retainable employees. In 2020, EFE-KSA completed the “Providing Saudi Youth with Employability Skills Supporting Vision 2030” project with JPMorgan Chase Foundation to provide entry-level Job Training & Placement (“JTP”) and a pilot program for middle-skilled position JTP. EFE-KSA continued providing employability skills to Saudi youth through the “Training For the Digital Future” program funded by Accenture. EFE-KSA provided digital and employability skills to Saudi youth through the “Decent Jobs for the Digital Future” project, continuing an ongoing partnership with Citi Foundation. Also, EFE-KSA started the implementation of the AGFUND-funded project to support Saudi youth employment. In addition, EFE-KSA received an operational support grant from JPMorgan Chase & Co. during the COVID-19 lockdown.

EFE also has established a branch office on May 19, 2019 in the United Arab Emirates (“UAE”) at the International Humanitarian City (License No. 150117). The UAE branch works to further EFE’s mission to create employment opportunities for youth across the MENA region through engaging with leading partners to create a tangible impact in regional youth employment. The branch office’s goal is to raise visibility around the positive potential and importance of youth employment to inspire collective action to reach EFE’s vision and strategy. Operational expenses incurred by this branch in 2020 and 2019 were \$254,583 and \$205,974, respectively.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). 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:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature. Those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any net assets with donor restrictions that are perpetual in nature as of December 31, 2020 and 2019, or for the years then ended.

EDUCATION FOR EMPLOYMENT

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Cash

Cash consists of various checking accounts and money market deposits in a bank.

Government Contract, Grants and Pledges Receivable

Government contract and certain grants receivable consist of requisition invoices for expenditures incurred in subcontractor agreements and grants funded by federal government agencies. Other grants and pledges receivable are amounts management expects to collect on outstanding balances from donors and grantors. Management provides for probable uncollectible amounts through a provision for bad debt expense and a corresponding reserve based on its assessment of the current status of individual accounts. There was no allowance for doubtful accounts recorded at December 31, 2020 and 2019, as the entire balance in these accounts has been deemed by management to be fully collectible.

Furniture and Equipment

Furniture and equipment are stated at cost, net of accumulated depreciation. Additions that are expected to have long-term benefit in excess of \$5,000 are capitalized. Expenditures for maintenance and repairs are charged to expense when incurred. Depreciation is computed using the straight-line method over the estimated useful lives of these assets which is five years.

Intangible Assets

Intangible assets consist of various off-the-shelf software applications and customized program systems, and website development costs and are capitalized if future benefits are deemed to exist beyond one year from the financial statement date. These costs are amortized using the straight-line method over an estimated useful life of three years.

Grants Payable

The Organization records a liability for unconditional grants when they have been approved by management. The Organization makes grants to support the local NGOs' programs and requires recipients to submit expenses incurred and financial reports. Grants that are considered conditional are recorded when the terms of such conditions/barriers are met or overcome.

Deferred Rent

Rent expense is recognized on the straight-line basis over the lease term. Deferred rent represents the cumulative difference between escalating rents due over the lease term and rent is recognized on the straight-line basis.

Use of Estimates

The presentation 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 contingencies at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

EDUCATION FOR EMPLOYMENT

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Pronouncements

On January 1, 2020, as a resource provider, the Organization adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for distinguishing between conditional and unconditional contributions and grants made. The Organization, as a resource provider, adopted this ASU on a modified prospective basis. The adoption did not have a material impact on the EFE’s reported net assets as of January 1, 2020.

On January 1, 2020, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and its subsequent amendment, which creates a single, comprehensive revenue recognition model for recognizing revenue from contracts with customers. This new standard’s core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than were required under previously existing guidance, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation, among others. The Organization adopted ASU 2014-09 on a modified prospective basis. The adoption did not have a material impact on the EFE’s reported net assets as of January 1, 2020.

Support and Revenue

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Grants and contributions that are classified as support with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the program restriction or expiration of the time restriction. The Organization has elected to report any grants and contributions with donor restrictions whose restrictions are met in the same reporting period as support without donor restrictions.

Support and revenue related to contributions and grants is recognized as revenue in the period in which the donor’s commitment is made, if unconditional. Conditional contributions and grants are recognized when funds are utilized by the Organization to carry out the activity stipulated by the grant or agreement, since such agreement can be terminated by the donor or grantor, or refunding can be required under certain circumstances coupled with other performance and/or control barriers. For this reason, the Organization’s grant agreements are considered conditional and so, referred to as “conditional grants”.

Under the terms of cost sharing and reimbursement agreements, government grants are recognized as revenue as expenses are incurred and subgrants are paid to the local NGO.

A substantial portion of the Organization’s revenue relates to subcontracts with certain third-party entities funded by federal government agencies. The Organization’s services provided are highly customized to local needs and are often carried out by the local NGO, and the benefits are delivered over time. Under the terms of these subcontract agreements, the Organization follows performance and monitoring criteria as set and stipulated, and the Organization is compensated under the cost-reimbursement plus a fixed fee basis. The revenue is recognized by the Organization as expenditures are spent continuously over time during the contract performance period which approximate the time and effort spent on the contracts. The fixed fee revenue of the contracts is recognized based on the aforementioned time and effort spent on the contracts.

EDUCATION FOR EMPLOYMENT

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Support and Revenue (continued)

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 accounts and money market deposits.

Functional Allocation of Expenses

The costs of operating the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Expenses that can be identified with a specific program and supporting services are reported directly according to their natural expenditure classification. However, personnel expenses, occupancy and certain office overhead costs are allocated among the programs and supporting services based on the time and effort by each of the employees who provided services to the Organization.

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. The Organization is also exempt from income taxes in the various states in which it is registered.

3. Availability and Liquidity

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use other than expenditures in conduct of its programs, within one year of the statement of financial statement position dates at December 31, 2020 and 2019, are comprised of the following:

	2020	2019
Cash	\$ 1,798,534	\$ 597,725
Grants receivable	350,228	318,931
Government contract receivable	204,098	746,400
Pledges receivable, net	59,115	501,248
Accounts receivable	419	10,416
Financial assets available to meet general expenditures, as defined below, within one year	<u>\$ 2,412,394</u>	<u>\$ 2,174,720</u>

For purposes of analyzing resources available to meet general expenditures within one year, the Organization considers all expenditures related to its on-going programs, as well as the conduct of services undertaken to support those programs to be general expenditures. The Organization has identified a financial goal of establishing and maintaining sufficient operating funds in a bank – an imperative for sustainability of program delivery and organizational fiscal health.

EDUCATION FOR EMPLOYMENT

Notes to Financial Statements

4. Pledges and Grants Receivable

Pledges and grants receivable of \$409,343 and \$820,179 at December 31, 2020 and 2019, respectively, were collected/expected to be collected by the Organization within the next fiscal year from the date of the financial position.

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:

	<u>2020</u>	<u>2019</u>
Government agencies	\$ 290,004	\$ 89,815
Non-governmental sources	60,224	229,116
	<u>\$ 350,228</u>	<u>\$ 318,931</u>

As of December 31, 2020, the Organization has been awarded approximately \$859,000 of grant commitments from non-government sources that are conditional on the progress of the programs being funded. These commitments will be recognized as support when the conditional barrier stipulated by the donors or grantors have been overcome or met by the Organization. In addition, the Organization has also been awarded approximately \$7,034,000 of grant or subcontract commitments from federal government sources that are conditional on the Organization incurring budgeted expenditures subject to review and approval under specific government rules and regulations, including subgrants and subcontractor expenditures.

5. Furniture, Equipment and Intangible Assets

Furniture and equipment consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Furniture	\$ 9,312	\$ 9,312
Equipment	51,535	48,228
Total furniture and equipment	<u>60,847</u>	<u>57,540</u>
Less - accumulated depreciation	56,253	54,589
	<u>\$ 4,594</u>	<u>\$ 2,951</u>

Intangible assets consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Computer software	\$ 260,970	\$ 224,220
Website development costs	109,000	109,000
	<u>369,970</u>	<u>333,220</u>
Less - accumulated amortization	333,220	265,161
	<u>\$ 36,750</u>	<u>\$ 68,059</u>

EDUCATION FOR EMPLOYMENT

Notes to Financial Statements

5. Furniture, Equipment and Intangible Assets (continued)

Depreciation expense for the years ended December 31, 2020 and 2019 was \$1,664 and \$3,292, respectively. Amortization expense for the years ended December 31, 2020 and 2019 was \$68,059 and \$71,083, respectively.

Website development costs were fully amortized at December 31, 2020, and amortization of computer software costs for each of next three fiscal years ending December 31 will be \$12,250.

6. In-Kind Contributions

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

	<u>2020</u>	<u>2019</u>
Legal	\$ 15,727	\$ 170,486
Accounting and other administrative services	250,000	250,000
Consulting and marketing	10,000	301,495
	<u>\$ 275,727</u>	<u>\$ 721,981</u>

7. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Other programs in the MENA region	\$ 567,851	\$ 710,281
Job training, entrepreneurship and Pathways Program in Palestine and Jordan	535,706	453,756
POWER Project: Providing Opportunities for Work and Empowering Resilience Project	496,982	-
Training for a Digital Future Project	376,053	649,448
Gulf program management	48,990	61,394
Catalyst Fund	42,500	-
Job Placement Training in Saudi Arabia and Bahrain	39,582	-
EMEA Community Engagement	27,430	-
Time restricted grant	12,500	23,914
Women's entrepreneurship program	9,418	9,418
Medical Employment and Development in Yemen	9,060	107,417
Innovative projects and initiatives	6,250	4,500
Platform for Success - Online	-	36,150
Work readiness blended online training program	-	25,000
Programming for the Future - Innovative projects alleviate unemployment	-	14,369
	<u>\$ 2,172,322</u>	<u>\$ 2,095,647</u>

EDUCATION FOR EMPLOYMENT

Notes to Financial Statements

7. Net Assets with Donor Restrictions (continued)

Net assets released from donor restrictions during the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Other programs in the MENA region	\$ 497,429	\$ 1,154,920
Training for a Digital Future Project	418,395	110,552
Job training, entrepreneurship and Pathways Program in Palestine and Jordan	390,839	735,445
Medical Employment and Development in Yemen	271,737	110,626
Job Placement Training in Saudi Arabia and Bahrain	60,418	-
Platform for Success - Online	36,149	39,221
EMEA Community Engagement	32,570	-
Work readiness blended online training program	25,000	-
Innovative Projects and Initiatives	23,250	30,000
Catalyst Fund	17,500	-
Programming for the Future - Innovative projects alleviate unemployment	14,369	93,233
Gulf program management	12,405	39,277
Time restricted grant	11,414	22,316
POWER Project: Providing Opportunities for Work and Empowering Resilience Project	3,019	-
Women's entrepreneurship program	-	190,849
Baseline and monitoring data for programatic reporting	-	111,304
Networking and learning meeting	-	65,000
	<u>\$ 1,814,494</u>	<u>\$ 2,702,743</u>

8. Lease Commitments

The Organization executed a lease for office space located in Washington D.C. through June 30, 2023. The lease provided for rent abatement during the initial six months of the lease term through October 2019. Thereafter, rent of \$13,180 was payable monthly. Rent payments escalate over the term of the lease which expires on June 30, 2023. In 2020, tenant credits of approximately \$56,000 were given to the Organization due to the relocation of the leased office space within the same building requested by the landlord. In May 2019, the Organization executed a lease agreement for branch office space located at the International Humanitarian City in Dubai, UAE through May 18, 2021, and all rent under the Dubai, UAE lease agreement was billed annually and paid. Rent expense for these leases for the years ended December 31, 2020 and 2019 was \$133,661 and \$154,595, respectively. The Organization's minimum future lease payments under its lease agreement in Washington D.C. for the years ending December 31 are as follows:

Years ending December 31,

2021	\$ 164,816
2022	168,935
2023	85,868

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9. Paycheck Protection Program Loan

On May 4, 2020, the Organization received a Paycheck Protection Program (“PPP”) loan of \$242,005 granted by the Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Under the loan agreement with the bank, all or a portion of the loan and accrued interest is forgivable based on the amount of qualifying expenses incurred and levels of employee headcount and salaries maintained during a measurement period. As the Organization expected to meet the PPP’s eligibility criteria for forgiveness in full, it accounted for the entire loan amount as a grant, and recorded revenue as the qualifying expenses were incurred. The Organization incurred qualifying expenses during the PPP loan coverage period in excess of the loan amount, and therefore, recognized the entire loan amount of \$242,005 as a component of contributions and grants revenue on the statement of activities and changes in net assets. On March 12, 2021, the Organization received full forgiveness of the PPP loan from the bank.

10. 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, 2020 and 2019 were \$75,247 and \$73,649, respectively.

11. Related Party Transactions

The Organization receives support from the Founder and Chairman of the Board of the Organization. The Founder contributed \$777,730 and \$900,180 to the Organization during the years ended December 31, 2020 and 2019, respectively.

In addition, the Founder’s company provided 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, 2020 and 2019.

12. 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. The maximum insurance amount is \$250,000, which is applied per depositor, per insured depository institution for each account ownership category.

A concentration risk exists in that contributions from the founder, grants from a federal government department, and a grant from a corporate grantor comprised 44% of total support and revenue (excluding in-kind contributions) for the year ended December 31, 2020. Total contributions from the founder, grants from a federal government department and revenue from a contractor comprised 47% of total support and revenue (excluding in-kind contributions) for the year ended December 31, 2019. Grants and revenue from a federal government department and a contractor comprised 72% of grants receivable, government contract receivable and pledges receivable at December 31, 2020. Contributions and revenue from the founder and two contractors comprised 77% of grants receivable, government contract receivable and pledges receivable at December 31, 2019.

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13. Grant Commitments

In connection with certain grants from non-government sources and certain conditional grant awards as disclosed in Note 4, the Organization is obligated to award up to approximately \$994,000 in subrecipient grants, which is contingent on receipt of conditional funding, related costs being incurred by the subrecipients, and/or the attainment of performance indicators provided for in the subaward agreements. These commitments will be recognized as grants expense when the corresponding conditions/barriers are overcome.

14. Uncertainty Regarding the Impact of COVID-19

The Organization is subject to risks and uncertainties as a result of the current COVID-19 pandemic. The COVID-19 pandemic has presented a substantial public health and economic challenge around the world and is affecting the U.S. economy and other economies worldwide. The full extent to which the COVID-19 pandemic may impact the Organization depends on future developments that are highly uncertain and may not be accurately predicted, including the duration and severity of the pandemic. The Organization is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

15. Subsequent Event

The Organization's management has evaluated the effect which subsequent events may have on these financial statements. Management's evaluation was completed on June 30, 2021, the date these financial statements became available to be issued.

On March 15, 2021, the Organization received a PPP second draw loan of \$242,005 granted by the SBA under the Consolidated Appropriations Act, 2021. All or a portion of the loan and accrued interest may be forgivable based on the amount of qualifying expenses incurred and demonstration of at least a 25% reduction in gross receipts between comparable quarters as compared to the previous year.

16. New Accounting Pronouncement Issued and Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosures of leases for both parties to a contract (i.e., lessees or lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. This standard will be effective for annual reporting periods beginning after December 15, 2021 for non-public entities. The Organization is in the process of evaluating the impact of this new ASU.