EDUCATION FOR EMPLOYMENT

Financial Statements

December 31, 2016 and 2015

EDUCATION FOR EMPLOYMENT

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edelstein

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, 2016 and 2015, 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, 2016 and 2015, 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
August 18, 2017

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EDUCATION FOR EMPLOYMENT

Statements of Financial Position

December 31,	2016	2015
Assets:		
Cash	$ 1,064,872	$ 1,340,510
Grants receivable	200,638	386,757
Government contract receivable	105,778	208,186
Unconditional promises to give	180,631	185,810
Prepaid expenses	164,768	48,250
Furniture and equipment, net	11,921	15,336
Intangible assets, net	196,245	31,167
Deposits	15,968	13,220
Total assets	$ 1,940,821	$ 2,229,236
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued expenses	$ 223,665	$ 137,288
Grants payable	144,557	541,774
	368,222	679,062
Net assets:		
Unrestricted	236,057	42,626
Temporarily restricted	1,336,542	1,507,548
Total net assets	1,572,599	1,550,174
Total liabilities and net assets	$ 1,940,821	$ 2,229,236

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

EDUCATION FOR EMPLOYMENT

Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
Contributions	$ 655,702	$ 2,142,623	$ 2,798,325	$ 529,954	$ 1,965,490	$ 2,495,444
Government grants	2,050,060	-	2,050,060	1,780,960	-	1,780,960
Government contracts	401,052	-	401,052	589,930	-	589,930
In-kind contributions	2,129,426	-	2,129,426	885,700	-	885,700
Interest income	226	-	226	577	-	577
Satisfaction of program restrictions	2,313,629	(2,313,629)	-	2,618,510	(2,618,510)	-
Total support and revenue	7,550,095	(171,006)	7,379,089	6,405,631	(653,020)	5,752,611
Expenses:						
Program services	5,801,643	-	5,801,643	5,752,986	-	5,752,986
Management and general	1,493,001	-	1,493,001	567,721	-	567,721
Fundraising	62,020	-	62,020	60,405	-	60,405
Total expenses	7,356,664	-	7,356,664	6,381,112	-	6,381,112
Change in net assets	193,431	(171,006)	22,425	24,519	(653,020)	(628,501)
Net assets, beginning of year	42,626	1,507,548	1,550,174	18,107	2,160,568	2,178,675
Net assets, end of year	$ 236,057	$ 1,336,542	$ 1,572,599	$ 42,626	$ 1,507,548	$ 1,550,174

EDUCATION FOR EMPLOYMENT

Statements of Cash Flows

For the Years Ended December 31,	**2016**	**2015**
Cash flows used in operating activities:		
Change in net assets	$ 22,425	$ (628,501)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	14,127	14,872
Changes in operating assets and liabilities:		
Accounts receivable	-	462
Grants receivable	186,119	(175,384)
Government contract receivable	102,408	(90,090)
Unconditional promises to give	5,179	(180,010)
Prepaid expenses	(116,518)	(27,221)
Deposits	(2,748)	-
Accounts payable and accrued expenses	48,877	(112,201)
Grants payable	(397,217)	541,774
Net cash used in operating activities	(137,348)	(656,299)
Cash flows used in investing activities:		
Purchase of furniture and equipment	(2,810)	(13,497)
Purchase of computer software	(135,480)	(15,360)
Net cash used in investing activities	(138,290)	(28,857)
Cash flows used in financing activities:		
Repayments on line of credit	-	(260,609)
Decrease in cash	(275,638)	(945,765)
Cash, beginning of year	1,340,510	2,286,275
Cash, end of year	$ 1,064,872	$ 1,340,510
Supplemental financial information:		
Cash paid during the year for interest	$ -	$ 2,606

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 a significant number of youth in its job placement programs. Additionally, EFE-Maroc has trained a significant number of youth at youth centers and public universities throughout Morocco in its Pathways To A Job training program. 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. The year 2015 also saw the launch of Training for the Future (TfF), a three-year project with Accenture to provide soft skills training to youth many of whom will receive training for jobs in the most demanded sectors. This year EFE-Maroc will close out its two-year partnership with OCP (Office Chérifien des Phosphates) in the region of Safi which provided employability and soft skills training to marginalized youth while connecting them to the labor market. Last year, EFE-Maroc closed out its 5-year partnership with the MasterCard Foundation which improved the job search and workplace skills of Moroccan youth and built the capacity of public universities and youth centers throughout Morocco.

EFE Yemen

Yemen Education For Employment Foundation (YEFE) 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. Since inception, YEFE has trained a significant number of youth in its job placement courses and many trainees have been female in spite of a low Yemeni national average for female labor participation. In 2011, in partnership with USAID, YEFE launched a nation-wide self-employment vocational program to train 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. In 2015-2016 YEFE was forced to suspend its operations in Yemen due to the ongoing conflict in the country. Throughout the second half of 2016, YEFE and EFE-Global conducted a labor market assessment and participated in discussions with the U.S. Department of State to re-launch job training and placement programs focused on the healthcare sector.

1. Organization and Purpose (continued)

EFE Egypt

EFE|Egypt launched programs in banking and textile merchandising in partnership with the U.S. Department of State Office of the Middle East Partnership Initiative (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, Boeing, the Western Union Foundation, Motorola Foundation, the International Organization for Migration (IOM), the International Labour Organization (ILO) and the International Development Research Center (IDRC). EFE|Egypt's core Job Placement Training Program (JPTP) is an experiential job skills course that prepares participants for placement in a full-time job in the private sector, and includes training in soft skills, ICT, Business English, and a technical component. EFE|Egypt has also trained youth in its Career Directions job readiness and "Bina'a" civic engagement training programs for Egyptian university students. 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 has trained a significant number of 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 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 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 2015-2016, JEFE launched projects with Boeing, the Stavros Niarchos Foundation, MEDAIR, UN Women, the Drosos Foundation, USAID, and Alwaleed Philanthropies to train youth for jobs in a variety of industries including retail, hospitality, automobile mechanics, and garment manufacturing.

EFE Palestine

Palestinian Education For Employment Foundation (PEFE) is 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 partners with local businesses and universities to place youth in jobs and support young entrepreneurs. Programs have included accounting, construction management, business administration, nursing, and virtual jobs for youth. In addition, PEFE has trained youth in entrepreneurship training and partnered with dozens of public universities to train university students in workforce readiness skills. A significant number of PEFE's beneficiaries are young women. PEFE has received significant investments from the Swiss-based Drosos Foundation, the European Union, Intel Foundation, MEPI, Alwaleed Philanthropies, the Palestinian-based Welfare Association, and Islamic Relief USA among others. 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 the first-ever virtual jobs that have been piloted with success and that PEFE will scale across the West Bank, East Jerusalem and Gaza.

1. Organization and Purpose (continued)

EFE Tunisia

Since its inception in 2012, EFE-Tunisie has trained a significant number of youth in its job placement programs and placed many graduates in jobs immediately after graduation. Additionally, EFE-Tunisie has partnered with public universities in four different regions of Tunisia to deliver Pathways ToA Job training to students in order to better prepare them for the job market. In 2015, EFE-Tunisie launched a 3-year Training for the Future (TfF) project with Accenture to tto provide soft skills training to youth, many of whom will receive training for jobs in the 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. The third iteration of this project is expected to launch in the summer of 2017 where EFE-Tunisie will train youth in entrepreneurship skills. EFE-Tunisie is collaborating with the Ministry of Higher Education and Scientific Research and the General Directorate of Technological Studies to equip final year High Institutes of Technological Studies (ISET) students with the skills needed in the labor market and boost their entrepreneurial aptitude.

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, 2016 and 2015 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 August 18, 2017, 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.

2. Summary of Significant Accounting Policies (continued)

Cash

Cash consists of checking account and money market deposits.

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, 2013 are open to examination.

2. Summary of Significant Accounting Policies (continued)

Reclassifications

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

3. Unconditional Promises to Give

Unconditional promises to give are as follows at December 31:

	2016	2015
Receivable in one year or less	$ 113,495	$ 97,480
Between one and five years	75,000	100,000
Net present value discount	(7,864)	(11,670)
	67,136	88,330
	$ 180,631	$ 185,810

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, 2016, the Organization has been awarded $1,073,375 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:

	2016	2015
Government agencies	$ 115,638	$ 221,757
Non-governmental sources	85,000	165,000
	$ 200,638	$ 386,757

5. Furniture, Equipment and Intangible Assets

Furniture and equipment consisted of the following at December 31:

	2016	2015
Furniture and fixtures	$ 9,312	$ 9,312
Equipment	45,846	43,036
Total furniture and equipment	55,158	52,348
Less - accumulated depreciation	43,237	37,012
	$ 11,921	$ 15,336

Intangible assets consisted of the following at December 31:

	2016	2015
Computer software	$ 233,310	$ 135,330
Website development costs - in process	75,000	-
	308,310	135,330
Less - accumulated amortization	112,065	104,163
	$ 196,245	$ 31,167

Depreciation expense for the years ended December 31, 2016 and 2015 was $6,225 and $6,969, respectively. Amortization expense for the years ended December 31, 2016 and 2015 was $7,902 and $7,903, respectively.

Computer software costs and website development costs incurred during 2016 represent payments on contracts for which the services were not completed as of December 31, 2016. Accordingly, no amortization expense on these costs has been recorded in these financial statements. Since the completion date for the services was uncertain as of December 31, 2016, management is unable to estimate amortization expense for the following three years. Once placed in service, the costs will be amortized over a period of thirty-six months.

6. Temporarily Restricted Net Assets

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

	2016	2015
Jordan	$ 171,897	$ 194,265
Egypt	140,772	187,111
Morocco	116,827	214,972
Tunisia	361,965	69,631
Palestine	317,924	255,539
United Arab Emirates	55,225	229,541
Saudi Arabia	59,198	243,159
Yemen	2,616	-
Algeria	2,616	-
EFE Europe	15,366	-
Time restricted grant	92,136	113,330
	$ 1,336,542	$ 1,507,548

Net assets released from restrictions during the years ended December 31, 2016 and 2015 were as follows:

	2016	2015
Jordan	$ 403,030	$ 383,082
Egypt	196,857	307,326
Morocco	272,522	1,222,624
Tunisia	121,386	108,159
Palestine	667,561	245,756
United Arab Emirates	333,997	262,083
Saudi Arabia	238,257	89,480
Yemen	7,024	-
Algeria	7,024	-
EFE Europe	44,777	-
Time restricted grant	21,194	-
	$ 2,313,629	$ 2,618,510

7. In-Kind Contributions

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

	2016	2015
Legal	$ 141,926	$ 48,700
Accounting and other administrative services	250,000	250,000
Memberships	-	4,500
Consulting	1,737,500	15,000
Information technology	-	567,500
	$ 2,129,426	$ 885,700

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

8. Lease

The Organization's lease of office space located in Washington, D.C. expired on November 30, 2016 and the lease agreement for additional office space in the same building expired on October 31, 2016. In November 2016, the Organization executed a lease amendment covering all office space occupied in the building, which extended the lease through April 30, 2018. During 2016, the Organization also executed a lease agreement for office space located in Dubai, United Arab Emirates for a one-year period through January 2017. Rent expense for the years ended December 31, 2016 and 2015 was $161,291 and $123,318 respectively. The Organization's future minimum lease obligations under its lease agreements are as follows:

Years ending December 31,

2017	$ 172,858
2018	54,074

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, 2016 and 2015 were $81,319 and $61,825, respectively.

10. Related Party Transactions

The Organization receives support from the Founder and Chairman of the Board of the Organization. The Founder contributed $267,519 and $150,000 to the Organization during the years ended December 31, 2016 and 2015, respectively.

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, 2016 and 2015.

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 donors comprised 54% and 48% of support and revenue (excluding in-kind contributions) for the years ended December 31, 2016 and 2015, respectively. Donations from four donors comprised 78% and 83% of unconditional promises to give and grants receivable at December 31, 2016 and 2015, respectively. In addition, pro bono services from one vendor comprised 23% and 10% of total support and revenue for the years ended December 31, 2016 and 2015, 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.