

EDUCATION FOR EMPLOYMENT

Financial Statements

December 31, 2021 and 2020

EDUCATION FOR EMPLOYMENT

December 31, 2021 and 2020

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Education for Employment (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Education for Employment as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Education for Employment and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Education for Employment's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Education for Employment's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Education for Employment's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Edelstein & Company LLP

Boston, Massachusetts

June 30, 2022

EDUCATION FOR EMPLOYMENT

Statements of Financial Position

December 31,

2021

2020

Assets:

Cash	\$ 2,269,298	\$ 1,798,534
Grants receivable	877,374	350,228
Government contract receivable	588,830	204,098
Pledges receivable	93,100	59,115
Other receivables	3,196	419
Prepaid expenses	45,714	41,500
Furniture and equipment, net	8,826	4,594
Intangible assets, net	24,500	36,750
Deposits	24,895	25,895

Total assets

\$ 3,935,733 \$ 2,521,133

Liabilities and net assets

Liabilities:

Accounts payable	\$ 71,560	\$ 112,549
Accrued expenses	135,784	179,475
Grants payable	312,911	395,972
Deferred rent	56,586	89,258
Total liabilities	576,841	777,254

Net assets (deficit):

Without donor restrictions	733,337	(428,443)
With donor restrictions	2,625,555	2,172,322
Total net assets	3,358,892	1,743,879

Total liabilities and net assets

\$ 3,935,733 \$ 2,521,133

EDUCATION FOR EMPLOYMENT

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

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions and grants	\$ 2,340,833	\$ 2,569,473	\$ 4,910,306	\$ 1,445,540	\$ 1,891,169	\$ 3,336,709
Government grants - Employee Retention Credit	229,758	-	229,758	-	-	-
Government grants - Paycheck Protection Program	242,005	-	242,005	242,005	-	242,005
Other government grants	1,005,216	-	1,005,216	867,132	-	867,132
Government funded subcontracts	602,932	-	602,932	408,452	-	408,452
In-kind contributions	289,811	-	289,811	275,727	-	275,727
Interest income	490	-	490	64	-	64
Net assets released from restrictions	2,116,240	(2,116,240)	-	1,814,494	(1,814,494)	-
Total support and revenue	6,827,285	453,233	7,280,518	5,053,414	76,675	5,130,089
Expenses:						
Program services	3,752,570	-	3,752,570	3,376,222	-	3,376,222
Management and general	1,810,551	-	1,810,551	1,685,541	-	1,685,541
Fundraising	102,384	-	102,384	194,950	-	194,950
Total expenses	5,665,505	-	5,665,505	5,256,713	-	5,256,713
Changes in net assets	1,161,780	453,233	1,615,013	(203,299)	76,675	(126,624)
Net assets (deficit) , beginning of year	(428,443)	2,172,322	1,743,879	(225,144)	2,095,647	1,870,503
Net assets (deficit), end of year	\$ 733,337	\$ 2,625,555	\$ 3,358,892	\$ (428,443)	\$ 2,172,322	\$ 1,743,879

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

EDUCATION FOR EMPLOYMENT

Statements of Cash Flows

For the Years Ended December 31,

2021

2020

Cash flows from operating activities:

Change in net assets	\$ 1,615,013	\$ (126,624)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	14,297	69,723
Changes in operating assets and liabilities:		
Grants receivable	(527,146)	(31,297)
Government contract receivable	(384,732)	542,302
Pledges receivable	(33,985)	442,133
Other receivables	(2,777)	9,997
Prepaid expenses	(4,214)	796
Deposits	1,000	2,748
Accounts payable	(40,989)	23,384
Accrued expenses	(43,691)	40,132
Grants payable	(83,061)	248,029
Deferred rent	(32,672)	19,543
Net cash provided by operating activities	<u>477,043</u>	<u>1,240,866</u>

Cash flows from investing activities:

Purchase of equipment	(6,279)	(3,307)
Software development costs	-	(36,750)
Net cash used in investing activities	<u>(6,279)</u>	<u>(40,057)</u>

Increase in cash

470,764

1,200,809

Cash, beginning of year

1,798,534

597,725

Cash, end of year

\$ 2,269,298

\$ 1,798,534

EDUCATION FOR EMPLOYMENT

Statements of Functional Expenses For the Years Ended December 31,

	2021				2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Grants	\$ 2,284,221	\$ -	\$ -	\$ 2,284,221	\$ 2,028,979	\$ 5,711	\$ -	\$ 2,034,690
Salaries and compensation	841,668	794,910	45,635	1,682,213	799,717	750,122	133,137	1,682,976
Consulting	255,906	118,505	35,853	410,264	171,310	120,710	3,993	296,013
Accounting	-	283,275	-	283,275	-	280,500	-	280,500
Technology	83,539	184,342	-	267,881	138,671	170,683	109	309,463
Payroll taxes and benefits	138,960	93,170	9,387	241,517	120,084	116,489	27,460	264,033
Occupancy	96,451	32,202	6,682	135,335	77,200	38,802	17,659	133,661
Recruitment	-	74,205	-	74,205	-	12,825	-	12,825
Office expenses	30,995	41,779	-	72,774	4,557	33,341	-	37,898
Bad debt	-	52,500	-	52,500	-	-	-	-
Travel	16,079	22,895	1,032	40,006	24,023	19,885	3,312	47,220
Miscellaneous	4,268	30,362	-	34,630	256	15,747	2,801	18,804
Legal	-	25,401	-	25,401	-	15,727	-	15,727
Insurance	-	22,987	-	22,987	-	17,893	-	17,893
Depreciation and amortization	-	14,297	-	14,297	-	69,723	-	69,723
Telephone	233	11,356	-	11,589	1,864	8,269	-	10,133
Marketing	250	4,803	3,795	8,848	4,421	5,915	6,479	16,815
Staff training and development	-	3,562	-	3,562	640	3,199	-	3,839
Hospitality	-	-	-	-	1,758	-	-	1,758
Training costs and materials	-	-	-	-	2,742	-	-	2,742
	<u>\$ 3,752,570</u>	<u>\$ 1,810,551</u>	<u>\$ 102,384</u>	<u>\$ 5,665,505</u>	<u>\$ 3,376,222</u>	<u>\$ 1,685,541</u>	<u>\$ 194,950</u>	<u>\$ 5,256,713</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 thousands of youth on employability and job training and placement programs. EFE-Maroc completed 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. During 2021, EFE-Maroc held job training and placement programming in the education, sales, banking/finance, administration, procurement, and laboratory technician work in Dakhla and Laayoune, as well as aligned Training of Trainers (“TOT”) for the sales programming in Laayoune. EFE-Maroc further offered a professional French course to improve linguistic skills in Dhakla. Working with pre-committed jobs, EFE-Maroc placed numerous youths in gainful employment across the entirety of the ALLOWS project in 2020 and 2021.

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, including young women in spite of a low Yemeni national average for female labor participation. Beginning in 2019, EFE-Yemen implemented the Medical Employment and Development (MED) I project, followed by an expanded MED II project from 2020 to 2022. 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. Under MED I and MED II, hundreds of young students graduated from EFE-Yemen’s medical support training courses, many of whom are young women. Supported by Alwaleed Philanthropies and the Saudi Development and Reconstruction Program for Yemen, the Mustaqbal project in 2021 and 2022 trains youth in Aden in various vocational sectors, supports entrepreneurs launching their businesses, and trains youth in job search skills.

EDUCATION FOR EMPLOYMENT

Notes to Financial Statements

1. Organization and Purpose (continued)

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 2021, EFE-Egypt continued to work with Boeing and support youth employment through the provision of JPTP trainings. In addition, in 2021, EFE-Egypt also started a project with Visa Foundation to train and place young women in emerging sectors along with an IT focus project support by JP Morgan Chase Foundation to train young women in IT skills. EFE-Egypt continues to provide trainings to Egypt youth despite the COVID situation.

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. In 2021, EFE-Jordan launched the Women’s Empowerment through Entrepreneurship (“WEE”) project funded by the U.S. Department of State through the U.S. Embassy in Amman. Over two years, the project will train 50 women in advanced entrepreneurship, culminating in a week-long exchange program for five beneficiaries, all in partnership with International Strategic Management, Inc. During the fourth quarter of 2021, EFE-Jordan initiated the project. Activities included designing a multi-step sourcing process and beginning program/curriculum customization for the beneficiaries.

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 2021, EFE-Palestine continued programming for the Scale Up and Thrive project, funded by the Palestinian Affairs Unit at the U.S. Department of State through the U.S. Embassy. The project aims to train a minimum of 40 Palestinian women in advanced entrepreneurship, and will culminate in a week-long exchange program for five beneficiaries, in partnership with International Strategic Management, Inc. During 2021, EFE-Palestine sourced numerous participants from Gaza, East Jerusalem, and the West Bank, customized EFE’s entrepreneurship curriculum to meet the specific needs of project participants, and began the first round of entrepreneurship training. EFE further supported EFE-Palestine in beginning to utilize EFE’s Learning Management System (“LMS”) to allow for responsiveness to the COVID-19 pandemic and multiple teaching modalities.

EDUCATION FOR EMPLOYMENT

Notes to Financial Statements

1. Organization and Purpose (continued)

EFE Tunisia

Since its inception in 2012, Education for Employment-Tunisia (“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”) since 2017 and through August 2022. The NEA/AC 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. Under NEA/AC, EFE-Tunisie has trained many students in various vocational sectors, supported numerous entrepreneurs starting their businesses, and launched an incubation hub for new IT businesses in southern Tunisia. 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. This program ended in January 2022.

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 2021, EFE-KSA started work on the League of Women IT project with JPMorgan Chase Foundation to provide entry-level Job Training & Placement and a IT skills training. 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 the Citi Foundation. Also, EFE Saudi continued to provide online trainings to mitigate the impact of COVID-19.

EFE also has maintained a branch office 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 2021 and 2020 were \$254,332 and \$254,583, respectively.

EDUCATION FOR EMPLOYMENT

Notes to Financial Statements

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. Net assets and support and revenue, 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, 2021 and 2020, or for the years then ended.

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, 2021 and 2020, as the entire balance in these accounts has been deemed by management to be fully collectible. During the year ended December 31, 2021, a grant receivable from a corporate grantor in the amount of \$52,500 was written off by the Organization and is reported as a bad debt expense on the statement of functional expenses.

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.

EDUCATION FOR EMPLOYMENT

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

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 expense is recognized on the straight-line basis.

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, gifts and grants is recognized as revenue in the period in which the donor's commitment is made, if unconditional. Conditional gifts, contributions and grants are recognized when performance and/or control barriers are met by the Organization.

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 a 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 approximates the time and effort spent on the contracts. The Organization has no contract assets at December 31, 2021 and 2020.

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.

EDUCATION FOR EMPLOYMENT

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

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.

Use of Estimates and Subsequent Events

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.

The Organizations management has evaluated the effect that subsequent events may have on these financial statements. Management's evaluation was completed on June 30, 2022, 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.

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 statements of financial statement position dates at December 31, 2021 and 2020, are comprised of the following:

	<u>2021</u>	<u>2020</u>
Cash	\$ 2,269,298	\$ 1,798,534
Grants receivable	877,374	350,228
Government contract receivable	588,830	204,098
Pledges receivable	93,100	59,115
Other receivables	<u>3,196</u>	<u>419</u>
Financial assets available to meet general expenditures, as defined below, within one year	<u>\$ 3,831,798</u>	<u>\$ 2,412,394</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 \$970,474 and \$409,343 at December 31, 2021 and 2020, respectively, were collected/expected to be collected by the Organization within one year of the date of the statements of financial position.

Pledges and 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. Pledges receivable of \$93,100 and \$59,115 at December 31, 2021 and 2020, respectively, were all from individual, foundation and corporate donors.

Grants receivable consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Government agencies	\$ 609,061	\$ 290,004
Non-governmental sources	268,313	60,224
	<u>\$ 877,374</u>	<u>\$ 350,228</u>

As of December 31, 2021, the Organization has been awarded approximately \$968,000 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 \$5,728,000 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>2021</u>	<u>2020</u>
Furniture	\$ 9,312	\$ 9,312
Equipment	57,814	51,535
Total furniture and equipment	<u>67,126</u>	<u>60,847</u>
Less - accumulated depreciation	58,300	56,253
	<u>\$ 8,826</u>	<u>\$ 4,594</u>

Intangible assets consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Computer software	\$ 260,970	\$ 260,970
Website development costs	109,000	109,000
	<u>369,970</u>	<u>369,970</u>
Less - accumulated amortization	345,470	333,220
	<u>\$ 24,500</u>	<u>\$ 36,750</u>

EDUCATION FOR EMPLOYMENT

Notes to Financial Statements

5. Furniture, Equipment and Intangible Assets (continued)

Depreciation expense for the years ended December 31, 2021 and 2020 was \$2,047 and \$1,664, respectively. Amortization expense for the years ended December 31, 2021 and 2020 was \$12,250 and \$68,059, respectively.

Website development costs were fully amortized at December 31, 2021 and 2020, and amortization of computer software costs for each of next two fiscal years ending December 31 will be \$12,250.

6. In-Kind Contributions

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

	<u>2021</u>	<u>2020</u>
Accounting and other administrative services	\$ 250,000	\$ 250,000
Legal	25,401	15,727
Trademark services	14,410	-
Consulting and marketing	-	10,000
	<u>\$ 289,811</u>	<u>\$ 275,727</u>

7. Net Assets with Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
POWER Project: Providing Opportunities for Work and Empowering Resilience project	\$ 813,483	\$ 496,982
Other programs in the MENA region	359,098	567,851
Rebuilding Livelihoods - economic impact in Gaza and rebuilding businesses	298,812	-
Economically empowering Egyptian young women	188,920	-
League of women in tech-future jobs	181,111	-
Skills for Success - Pathways to youth employment	152,645	-
Mustaqbal: Building Futures for Yemeni Youth	127,575	-
Training for a Digital Future project	121,750	376,053
Job training, entrepreneurship and Pathways program in Palestine and Jordan	117,444	535,706
Connecting vulnerable populations with employment in emerging sectors in Jordan and Palestine	93,512	-
New opportunities for young Egyptian women in health care and information technology	50,000	-
Gulf program management	46,291	48,990
Job placement training in Saudi Arabia and Bahrain	31,383	39,582
Catalyst Fund	27,500	42,500
Women's entrepreneurship program	9,418	9,418
EMEA community engagement	6,613	27,430
Time restricted grant	-	12,500
Medical employment and development in Yemen	-	9,060
Innovative projects and initiatives	-	6,250
	<u>\$ 2,625,555</u>	<u>\$ 2,172,322</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, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Other programs in the MENA region	\$ 585,789	\$ 497,429
Job training, entrepreneurship and Pathways program in Palestine and Jordan	418,262	390,839
Training for a Digital Future project	363,053	418,395
POWER Project: Providing Opportunities for Work and Empowering Resilience project	183,498	3,019
Mustaqbal: Building Futures for Yemeni Youth	173,629	-
League of women in tech-future jobs	118,889	-
Connecting vulnerable populations with employment in emerging sectors in Jordan and Palestine	93,973	-
Economically empowering Egyptian young women	61,080	-
Skills for Success - Pathways to youth employment	42,355	-
EMEA Community Engagement	20,817	32,570
Catalyst Fund	15,000	17,500
Time restricted grant	12,500	11,414
Medical Employment and Development in Yemen	9,060	271,737
Job Placement Training in Saudi Arabia and Bahrain	8,199	60,418
Innovative projects and initiatives	6,250	23,250
Gulf program management	2,698	12,405
Rebuilding Livelihoods - economic impact in Gaza and rebuilding businesses	1,188	-
Platform for Success - Online	-	36,149
Work readiness blended online training program	-	25,000
Programming for the Future - Innovative projects alleviate unemployment	-	14,369
	<u>\$ 2,116,240</u>	<u>\$ 1,814,494</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, and monthly rent payments escalate over the term of the lease which started at \$13,180 per month. 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 2021, the Organization extended a lease agreement for branch office space located at the International Humanitarian City in Dubai, UAE through May 18, 2023 with an annual rent of approximately \$3,800 per year. Rent expense for these leases for the years ended December 31, 2021 and 2020 was \$135,335 and \$133,661, respectively. The Organization's minimum future lease payments under its lease agreement in Washington, D.C. and Dubai, UAE for the years ending December 31 are as follows:

Years ending December 31,

2022	\$	172,735
2023		85,868

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Notes to Financial Statements

9. Paycheck Protection Program Loans

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 was forgivable based on the amount of qualifying expenses incurred and levels of employee headcount and salaries maintained during a measurement period. In 2020, the Organization met the PPP’s eligibility criteria for forgiveness in full, and therefore, recognized the entire loan amount of \$242,005 as grant revenue on the statement of activities and changes in net assets for the year ended December 31, 2020. On March 12, 2021, the Organization received full forgiveness of the PPP loan by the SBA.

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 is forgivable based on the amount of qualifying expenses incurred and certain other criteria. The Organization met the PPP second draw’s eligibility criteria for forgiveness in full, and therefore, recognized the entire loan amount of \$242,005 as grant revenue on the statement of activities and changes in net assets for the year ended December 31, 2021. On November 12, 2021, the Organization received full forgiveness of the PPP second draw loan by the SBA.

10. Employee Retention Credit

The Organization is eligible for the Internal Revenue Service's Employee Retention Credit (“ERC”), although the refundable credit applicable to the Organization’s 2021 federal payroll forms has not yet been received as of December 31, 2021. The credit, amounting to \$229,758 is recorded as government grants - Employee Retention Credit on the statement of activities and changes in net assets for the year ended December 31, 2021 and as a component of grants receivable on the statement of financial position at December 31, 2021. Barriers (or conditions) of the ERC include various eligibility requirements such as meeting the rules for a decline in gross receipts and incurring qualifying payroll costs, which the Organization determined to have met/overcome. The Internal Revenue Service has five years to audit the ERC claims and eligibility after the date of filing which occurred on February 26, 2022.

11. 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, 2021 and 2020 were \$63,246 and \$75,247, respectively.

12. Related Party Transactions

The Organization receives support from the Founder and Chairman of the Board of the Organization. The Founder contributed \$1,453,685 and \$777,730 to the Organization during the years ended December 31, 2021 and 2020, 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, 2021 and 2020.

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Notes to Financial Statements

13. 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 and grants/subgrants from a federal government department comprised 35% of total support and revenue (excluding in-kind contributions) for the year ended December 31, 2021. Total contributions from the founder, grants/subgrants 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. Grants/subgrants and revenue from a federal government department and a contractor comprised 67% of grants receivable, government contract receivable and pledges receivable at December 31, 2021. Grants/subgrants 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.

14. 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 \$2,126,000 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.

15. Uncertainty Regarding the Impact of COVID-19

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is actively monitoring the global situation and its effects on the Organization's industry, financial condition, liquidity, and operations. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity, and the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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.