EDUCATION FOR EMPLOYMENT

Financial Statements

December 31, 2014 and 2013

EDUCATION FOR EMPLOYMENT

December 31, 2014 and 2013

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edelstein

Independent Auditors' 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, 2014 and 2013, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditors' 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, 2014 and 2013, 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 17, 2015

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EDUCATION FOR EMPLOYMENT

Statements of Financial Position

December 31,	2014	2013
Assets:		
Cash	$ 2,286,275	$ 1,455,240
Accounts receivable	462	22,951
Grants receivable	71,577	445,713
Grants receivable - government	257,892	142,637
Unconditional promises to give - related party	-	250,000
Unconditional promises to give	5,800	-
Prepaid expenses	21,029	24,400
Total current assets	2,643,035	2,340,941
Furniture and equipment	32,518	4,441
Deposits	13,220	13,220
Total assets	$ 2,688,773	$ 2,358,602
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 249,489	$ 358,311
Line of credit	260,609	-
	510,098	358,311
Net assets:		
Unrestricted	18,107	281,855
Temporarily restricted	2,160,568	1,718,436
Total net assets	2,178,675	2,000,291
Total liabilities and net assets	$ 2,688,773	$ 2,358,602

EDUCATION FOR EMPLOYMENT

Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
Contributions	$ 392,822	$ 2,961,865	$ 3,354,687	$ 982,110	$ 956,170	$ 1,938,280
Government grants	1,383,672	-	1,383,672	1,306,583	-	1,306,583
Pass-through grants	456,971	-	456,971	443,434	-	443,434
In-kind contributions	2,402,700	-	2,402,700	2,379,434	-	2,379,434
Interest income	684	-	684	1,166	-	1,166
Satisfaction of program restrictions	2,519,733	(2,519,733)	-	1,149,061	(1,149,061)	-
Total support and revenue	7,156,582	442,132	7,598,714	6,261,788	(192,891)	6,068,897
Expenses:						
Program services	6,943,638	-	6,943,638	5,688,073	-	5,688,073
Management and general	430,116	-	430,116	509,419	-	509,419
Fundraising	46,576	-	46,576	65,265	-	65,265
Total expenses	7,420,330	-	7,420,330	6,262,757	-	6,262,757
Change in net assets	(263,748)	442,132	178,384	(969)	(192,891)	(193,860)
Net assets, beginning of year	281,855	1,718,436	2,000,291	282,824	1,911,327	2,194,151
Net assets, end of year	$ 18,107	$ 2,160,568	$ 2,178,675	$ 281,855	$ 1,718,436	$ 2,000,291

EDUCATION FOR EMPLOYMENT

Statements of Cash Flows

For the Years Ended December 31,	2014	2013
Cash flows provided by (used in) operating activities:		
Change in net assets	$ 178,384	$ (193,860)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,720	2,986
Changes in operating assets and liabilities:		
Accounts receivable	22,489	(8,411)
Grants receivable	374,136	(15,713)
Grants receivable - government	(115,255)	193,696
Prepaid expenses	3,371	(4,789)
Accounts payable and accrued expenses	(108,822)	72,588
Deferred revenue	-	(91,837)
Net cash provided by (used in) operating activities	602,223	(45,340)
Cash flows used in investing activities:		
Payment of lease security deposit	-	(12,675)
Return of lease security deposit	-	12,675
Purchase of furniture, computer software and office equipment	(31,797)	(2,436)
Net cash used in investing activities	(31,797)	(2,436)
Cash flows provided by financing activities:		
Borrowings on line of credit	260,609	-
Increase (decrease) in cash	831,035	(47,776)
Cash, beginning of year	1,455,240	1,503,016
Cash, end of year	$ 2,286,275	$ 1,455,240
Supplemental financial information:		
Cash paid during the year for interest	$ 3,279	$ -

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

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’s unrestricted net asset balance declined significantly in 2014 primarily because the Founder did not make a pledge at year-end as he has done in previous years. Although the Organization is committed to diversifying its donor base to a broad range of funders, the Founder has indicated to management that he will continue to provide support as needed to ensure the Organization is able to operate at a surplus each year.

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

Beginning in 2011, EFE-Maroc became the first affiliate in the EFE Network to undertake a national expansion. Established in Casablanca in 2006, EFE-Maroc has broadened its operations to reach Grand Casablanca, Rabat-Salé-Zemmour-Zaer, Doukala–Abda and Tanger-Tetouan with plans to expand to Sous-Massa-Dra and possibly to Marrakech-Tansfit and Fes-Boulemane over the course of the next two years. Committed to shifting the needle on youth employment on a national scale, EFE-Maroc is catalyzing high-level institutional change by partnering with some of Morocco's largest universities. Through partnerships with the University Hassan II in Casablanca and El Jadida, Chouaib Doukkali University in El Jadida and Abdelmalek Essaadi University in Tangier, Tetouan, and Assilah, EFE is sharing best practices and curriculum to help these universities improve the employment outlook of their graduates.

EFE Yemen

The Yemen Education For Employment Foundation (YEFE) has grown rapidly since it was founded in 2009, with the mission to connect Yemeni youth to jobs and income through private sector partnerships, market demand driven training, and world class curriculums delivered by dynamic local trainers. Since inception, YEFE has trained over 2,000 youth in its job placement courses and placed nearly 60% of YEFE’s graduates have been placed in jobs within 6 months of completing the training, and 33% of YEFE’s trainees have been female, double the Yemeni national average for female labor participation. In response to market demand, YEFE has developed a targeted, integrated training program that combines training in workforce readiness, Business English Language, IT, vocational skills and apprenticeship assignments with private companies. In 2011, in partnership with USAID, YEFE launched a nation-wide self-employment vocational program to train over 2,000 unemployed youth across Yemen, with trainings in welding, electricians, HVAC technicians, photography and agriculture. Since inception, YEFE has received significant investments from YEFE’s Board of Trustees and other local partners, as well as MEPI, USAID, UNDP, ILO and GIZ to implement programming and establish offices in Sana’a, Aden, Taiz, and most recently Hadramaut and Hodeidah. YEFE is one of the few NGOs and activities that is continuing to implement programming despite the ongoing political turmoil and upheaval occurring in Yemen.

1. Organization and Purpose (continued)

EFE Egypt

EFE-Egypt launched program activities in 2009, and to date has trained 1,000 youth in its job placement programs and placed 75% of successful graduates in jobs. Fifty-three percent of EFE-Egypt's graduates are young women. EFE|Egypt launched programs in banking and textile merchandising in partnership with MEPI in 2009, and since then has formed partnerships with a wide range of local and international organizations to deliver job placement training to unemployed Egyptian youth, including MEPI, the Spanish Agency for International Development (AECID), Alturki, Vodafone, Microsoft, and JPMorgan. 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 delivered job readiness training to Egyptian university students through its Career Directions program and trained a total of 122 youth in its "Binaa" civic engagement training program. In 2014, EFE|Egypt launched its E-Commerce Entrepreneurship (ECE) Training Program in partnership with Souq.com to train aspiring entrepreneurs in business start-up and e-commerce skills.

EFE Jordan

Jordan Education For Employment (JEFE) was established in 2006 and to date it has trained over 2,500 youth in its job placement programs, placing 74% of graduates in jobs within six months. Additionally, JEFE has trained over 880 youth in its job readiness and entrepreneurship support programs. Forty-two percent of JEFE's trainees have been women. In partnership with other non-profits, businesses and the Jordanian Ministry of Labor, JEFE has worked in multiple program areas including soft skills, heating/air conditioning repair, teacher training, hospitality and land surveying. In 2009, JEFE became a coordinating NGO for the USAID-funded "Youth: Work Jordan" project administered by the International Youth Foundation. Through this program, JEFE worked with several community-based organizations in Jordan to train 1,500 youth, provide job placements, and offer entrepreneurial support to interested students. In 2011, JEFE partnered with Intel to deliver pilot entrepreneurship training to Jordanian youth who had developed plans to start their own businesses. To date, JEFE has trained 610 aspiring entrepreneurs in this program and linked the graduates to organizations that provided second stage support, including feasibility studies and microfinance, in order to support the development of new businesses and job opportunities throughout Jordan. 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. For this project, JEFE delivered vocational training and placement programs in the areas of Heating, Ventilation and Air-Conditioning (HVAC) Installation and Repair, Garment Industry Assembly Line Production, Light Machinery Operation, and Hospitality for over 400 youth.

1. Organization and Purpose (continued)

EFE Palestine

The Palestinian Education For Employment Foundation (PEFE) the leading Palestinian civil society organization that provides demand-driven training for youth with limited opportunities. Founded in 2006 and operating in the West Bank, East Jerusalem and Gaza, PEFE partners with local businesses and universities to place youth in jobs and support young entrepreneurs. Since inception, PEFE has trained over 2,700 youth in its job placement programs and placed 75% of these graduates in jobs. Programs have included accounting, construction management, business administration, nursing, and virtual jobs for youth. In addition, PEFE has trained nearly 300 youth in entrepreneurship training, with 76% linked to start-up support and partnered with dozens of public universities to train over 1500 university students in workforce readiness skills. Over 60% of PEFE's beneficiaries are young women. Since 2011, PEFE has received significant investments from the Swiss-based Drosos Foundation, the European Union, Intel Foundation, MEPI and the Palestinian-based Welfare Association, among others. In 2013, PEFE developed three demand-driven, state-of-the art training curricula for nursing (with international certifications by the American Heart Association in Basic Life Support), sales, marketing and the first-ever virtual jobs that have been piloted with success and that PEFE will scale across the West Bank, East Jerusalem and Gaza.

EFE Tunisia

EFE launched its newest affiliate, EFE-Tunisie, in Tunisia in 2012. In only two years of operation, EFE-Tunisie has trained more than 400 youth in its job placement programs and placed 96% of graduates in jobs immediately after graduation. Sixty-nine percent of EFE-Tunisie's trainees have been female. EFE-Tunisie's job placement training programs have included soft skills, sales, and Construction Project Management training, and EFE-Tunisie is continuing to work with local partners to develop and expand its programming offers. Additionally, EFE-Tunisie has partnered with public universities in four different regions of Tunisia to deliver Pathways To A Job training to 2,006 students in order to better prepare them to the job market. This year, EFE-Tunisie has partnered with the African Development Bank (AfDB) for the second iteration of the Souk At-Tanmia project, which is based upon a national entrepreneurship contest. EFE-Tunisie worked with AfDB select candidates based on the quality of the idea they presented, its commercial viability and technical feasibility, its potential for job creation, the motivation of theentrepreneur, the innovation potential and impact on the environment, the status of beneficiaries (women, young, unemployed, etc.) and geographic location of the project (governorate). In September 2014, EFE-Tunisie certified trainers began delivering the "Build Your Business" (BYB) entrepreneurship training program to the 226 selected candidates in 19 governorates. To date, EFE-Tunisie has trained 273 youth in entrepreneurship skills.

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:

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Unrestricted net assets are available for support of the Organization's general operations.

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.

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, 2014 and 2013 or for the years then ended.

Use of Estimates and Subsequent Events

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

The Organization's management has evaluated the effect which subsequent events may have on these financial statements. Management's evaluation was completed on June 17, 2015, the date these financial statements became available to be issued. Subsequent to year-end, the Organization renewed its lease agreement for office space in Washington, D.C., and also entered into a lease agreement for expansion space at the same location, as disclosed in Note 7.

Cash

Cash consists of checking account and money market deposits.

Furniture and Equipment

Furniture, computer software, and office equipment are stated at cost. Expenditures for maintenance, repairs, and renewals are charged to expense when incurred, whereas major additions are capitalized. Depreciation 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.

Under the terms of cost sharing and reimbursement agreements, government and passthrough grants are recognized as expenses are incurred.

2. Summary of Significant Accounting Policies (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 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.

The Organization has evaluated the tax positions taken on returns for open years and those expected to be taken on returns for the year ended December 31, 2014. It is management's belief that such tax positions are more likely than not to be sustained upon examination by tax authorities. Accordingly, no liability for uncertain tax positions has been reflected in these financial statements. Returns for tax years beginning with those filed for the year ended December 31, 2011 are open to examination.

3. Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect on outstanding balances. 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. Balances that are still outstanding after management had used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts or grants receivable. During the years ended December 31, 2014 and 2013, no accounts or grants receivable balances were written off. As of December 31, 2014 and 2013, no bad debt reserves were deemed necessary. Reimbursements for government grant expenditures are subject to government agency approval based on compliance with federal grant award provisions.

4. Furniture and Equipment

Furniture and equipment consisted of the following at December 31:

	2014	2013
Furniture and fixtures	$ 9,312	$ 9,312
Computer software	119,970	96,260
Equipment	29,539	21,452
Total furniture and equipment	158,821	127,024
Less - accumulated depreciation and amortization	126,303	122,583
	$ 32,518	$ 4,441

In 2014, the Organization purchased software for $23,710 that was not placed in service until 2015. Accordingly, no amortization expense was recognized on the software during 2014.

5. Temporarily Restricted Net Assets

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

	2014	2013
Jordan	$ 169,848	$ 160,170
Egypt	371,436	141,245
Morocco	1,382,070	658,509
Tunisia	81,371	148,294
Palestine Engineering	82,843	78,636
West Bank	-	531,582
United Arab Emirates	28,269	-
Saudi Arabia	44,731	-
	$ 2,160,568	$ 1,718,436

5. Temporarily Restricted Net Assets (continued)

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

	2014	2013
Jordan	$ 94,640	$ 38,584
Egypt	116,751	21,031
Morocco	1,112,462	546,063
Tunisia	133,336	105,368
Palestine Engineering	283,872	150,815
West Bank	631,737	287,200
United Arab Emirates	5,064	-
Saudi Arabia	141,871	-
	$ 2,519,733	$ 1,149,061

6. In-Kind Contributions

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

	2014	2013
Legal	$ 65,075	$ 80,409
Accounting and other administrative services	250,000	250,000
Memberships	-	9,525
Public relations	3,000	19,000
Information technology	2,084,625	2,020,500
	$ 2,402,700	$ 2,379,434

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

7. Lease

The Organization’s lease of its office space located in Washington, D.C. expired on May 31, 2015. In February, 2015, the Organization renewed this lease agreement for a period of 18 months through November 30, 2016. In addition, the Organization entered into a new lease agreement for expansion space in the same building effective April 1, 2015 for a period that extends through October 31, 2016. Rent expense for the years ended December 31, 2014 and 2013 was $79,702 and $77,381, respectively. Future minimum annual lease payments under the new leases are as follows:

Years ending December 31,	
2015	$ 123,318
2016	$ 126,172

8. 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, 2014 and 2013 were $61,043 and $49,012, respectively.

9. Related Party Transactions

The Organization receives a significant amount of support from the Founder and Chairman of the Board of the Organization. The Founder contributed $150,000 and $857,880 to the Organization during the years ended December 31, 2014 and 2013, respectively. The balance of unconditional promises to give from the Founder was $250,000 at December 31, 2013.

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, 2014 and 2013.

10. 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 three donors comprised 62% and 63% of support and revenue (excluding in-kind contributions and including contributions from the founder) for the years ended December 31, 2014 and 2013, respectively. Donations from three donors (including the founder) comprised 95% and 91% of unconditional promises to give and grants receivable at December 31, 2014 and 2013, respectively. In addition, pro bono services from one company comprised 27% and 33% of total support and revenue for the years ended December 31, 2014 and 2013, respectively.

11. Line of Credit

The Organization has a revolving line-of-credit agreement with its bank permitting advances up to $300,000. Advances bear interest at the LIBOR rate plus 3%. The line of credit is secured and collateralized by the Organization's property and equipment as well as its receivables. As of December 31, 2014, the Organization had $260,609 in borrowings on the line of credit.