

America-Mideast Educational and Training Services, Inc.

Uniform Guidance
Supplementary Financial Report
Year Ended September 30, 2019

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RSM US LLP

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

Board of Directors
America-Mideast Educational and Training Services, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of America-Mideast Educational and Training Services, Inc. (AMIDEAST), which comprise the statement of financial position as of September 30, 2019, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 17, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered AMIDEAST's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AMIDEAST's internal control. Accordingly, we do not express an opinion on the effectiveness of AMIDEAST's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether AMIDEAST's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AMIDEAST's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Washington, D.C.
March 17, 2020

**Report on Compliance for the Major Federal Program;
Report on Internal Control Over Compliance; and Report on
Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

Independent Auditor's Report

Board of Directors
America-Mideast Educational and Training Services, Inc.

Report on Compliance for Each Major Federal Program

We have audited America-Mideast Educational and Training Services, Inc.'s (AMIDEAST) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of AMIDEAST's major federal programs for the year ended September 30, 2019. AMIDEAST's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of AMIDEAST's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about AMIDEAST's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of AMIDEAST's compliance.

Opinion on Each Major Federal Program

In our opinion, AMIDEAST complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of AMIDEAST is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered AMIDEAST's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of AMIDEAST's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of AMIDEAST as of and for the year ended September 30, 2019, and have issued our report thereon dated March 17, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Washington, D.C.
March 17, 2020

America-Mideast Educational and Training Services, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019**

Federal Grantor/Program Title/Grant Name	Federal CFDA Number	AMIDEAST Project Number	Grant/Contract Number	Federal Expenditures	Amount Provided to Subrecipients
United States Agency for International Development					
USAID Foreign Assistance for Programs Overseas:	98.001				
Direct award:					
USAID/School Support Program (SSP)		10145	AID-294-A-13-00006	\$ 76,563	\$ -
Higher Education Initiative (HEI)-Public University Egypt		10001	AID-263-A-15-00018	5,115,015	343,870
USAID/Leadership Teacher Development (LTD)		10144	294-A-12-00006	(2,817)	-
Education for the Future (EFT)		10147	AID-294-A-17-00006	2,025,799	-
USAID/PYCE		10143	279-A-00-01-00060-00	(113)	-
USAID/Palestinian Faculty Development Program (PFDP)		10140	294-A-00-05-00234-00	10,838	-
Passed through:					
Quality Instruction Towards Access and Basic Education Improvement (QITABI)		40201	AID-268-A-14-00003	774,439	-
Lotus Scholarship Program		40217	AID-363-A-15-00020	156,799	-
Institute for International Education (IIE):					
Local Scholarship Program Summer Intensive Prgm		40701	AID-363-A-15-00020	(1,315)	-
Local Scholarship Program 2018		40708	AID-363-A-15-00020	3,076	-
Total United States Agency for International Development				8,158,284	343,870
United States Department of State					
Investing in People in the Middle East and North Africa:	19.021				
Direct award:					
Skills for Success Libya		21916	S-LY800-17-GR-001	44,657	-
AH Ramallah-Jerusalem 18		21924	S-IS400-17-GR-0051	64,087	-
Al Azhar Darrassa Project		21117	SFG30015GR058	22,863	-
English for Mission Contacts (EFMC) Program		21112	SIZ-100-15-CA027	160,686	77,875
English After School		21925	S-YE-700-17-GR-001	156,213	-
Access for Mosul Internally Displaced Persons Program		21915	SIZ10017GR020	112,148	-
Amer Corners-Iraq		21935	SIZ10018CA006	99,344	-
English Language Resource Center Faculty Training 2 Prog		21892	SEG30016GR050	4,492	-
American House Ramallah Jerusalem 17		21862	S-I400-16-CA-0041	(105)	-
Libya PCELT 2018		21922	S-LY800-17-GR-004	51,909	-
Youth English Program		21927	S-TC-100-17-GR-0016	28,271	-
PCELT Kuwait FY18 Program		21923	S-KU200-17-GR006	(92)	-
American Corner TUNIS FY2016		21231	STS80016GR042PDR02A	(80)	-
Libyan Distance Learning		21852	S-LY800-16-GR-006	16,298	-
Libya Fulbright RecruitProg		21939	SLY80018GR001	6,227	-
Iraq Fulbright vstng sch		21119	SIZ10018GR0014	474,247	48,430
SkillsforSuccess Damietta		21926	SEG30017-GR-GR-063	(45)	-
Am Corner Tunis FY17		21921	S-TS-800-17-GR-0078	24,815	3,448
USDOS/Additional Field Office Grants		21282	Various	1,100	-
Fulbright ITP Testing		21913	SIZ-100-17-GR031	(25)	-
Conversational English for Alumni Program		21874	S-EG-300-16-GR-032	(11)	-
Am Corner Sousse FY17		21920	S-TS-800-17-GR-0077	3,653	-
Camp Stand By Me		21942	STS80018GR0009	(13)	-
US EmbassyCairo-ACCESS Pipeline		21317	S-EG-300-13-GR-038	(6)	-
Teaching Excellence. and Achievement Program		21907	S-EG-300-17-GR-019	(3)	-
International Leaders in Education Program		21908	S-EG-300-17-GR-018	(5)	-
Skills for Success 2		21948	S-LY-800-18-GR-002	277,744	-
Key Influencers Tunisia		21904	S-TS800-17-GR-0052	(7)	-
Teach Excel&Achieve Prog		21938	SEG300118GR0020	5,498	-
Camp Discovery 17		21901	S-IS400-17-GR-0011	85	-
PalstudyUSA		21949	S-IS400-18-GR-0048	4,900	-
Camp Discovery Tunisia		21909	S-TS-800-17-GR-0063	(4)	-
Amer. English Scholars Pr		21121	SIS40018GR0024	155,071	-
Gaza Grad Study PG		21930	S-IS400-18-GR-0002	1,260	-

(Continued)

America-Mideast Educational and Training Services, Inc.

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2019**

Federal Grantor/Program Title/Grant Name	Federal CFDA Number	AMIDEAST Project Number	Grant/Contract Number	Federal Expenditures	Amount Provided to Subrecipients
English for Governance		21905	S-TS-800-17-GR-0057	\$ (15)	\$ -
EdUSA FY16 Tunis Program		21886	STS80016GR073PDPR03	6	-
American Corner (AC) Sous		21120	STS80018GR0023	8,743	-
TechCamp Libya FY16		21225	S-LY800-16-GR-001	6	-
Camp Discovery X		21848	SJS40016GR0011	(1)	-
Libya Fulbright Support		20873	S-NEAPD-14-GR-1006	9	-
TOEFL for Fulb Iraq 2016		21118	SIZ-100-16-GR005	12,211	-
Fulbright ITP Testing2018		21122	SIZ10018GR0018	8,515	-
Abe Lincoln College Prep		21123	SIS40019GR0010	21,361	-
Fulbright ITP Testing2019		21124	SIZ10019GR0019	12,019	-
YES Alumni FY16		21226	SRS80016GR033PDPR03	900	-
US Emb.Tunis-EL Journalis		21320	S-4480T-10-GR-269	796	-
MoE PCELT FY19		21943	SKU20018GR007	36,388	-
American Corner Tuni 2018		21947	STS80018GR0026	35,871	697
Access Alumni Conference		21951	SJO10018GR093	132,218	-
PCELT Fy16		21952	S-JO-100-18-GR084	25,020	-
Camp Discovery Gafsa		21953	STS800-18-GR-0024	46,802	-
America House FY19		21954	S-IS400-18-GR-0043	366,274	-
Arts & Culture Program		21955	S-TC-100-18-GR-0016	54,791	-
Space Camp Libya		21956	S-LY800-18-GR-004	90,272	-
ELRC		21957	SEG300-18-GR-0054	119,601	-
Journalist Training TechC		21959	S-YE-700-18-GR-004	35,000	-
English Prg Garbage City		21960	SEG30018GR0073	10,672	-
U.S. University Tours		21961	SEG30018GR0074	86,276	-
English for Refugees		21963	SEG30018GR0058	8,025	-
Skills Success Port Said		21964	SEG30018GR0051	24,836	-
Youth English Prog 2 YEP		21965	S-TC-100-18-GR-0008	37,910	-
EL Teacher Training		21966	SIZ10019GR0007	77,370	-
Fulbright TEA Program		21967	SEG30019GR009	3,082	-
Access Teacher Workshop		21968	SIZ10019GR0010	22,675	-
Iraq Silicon Valley Entre		21969	SIZ10019GR0009	47,887	-
EducationUSA Opportunity		21970	STS80019GR0002	2,022	-
Gaza Graduate Study 2019		21972	S-IS400-19-GR-0007	5,971	-
Libyan Distance Adv FY19		21973	SL80018GR005	11,237	-
AC Sousse FY 19		21975	STS80019GR0069	1,722	-
Gaza Grad Study Prep19		21982	SIS40019GR0062	952	-
US Embassies-English Language grants		21203	Various	6	-
				<u>3,062,602</u>	<u>130,450</u>
Passed through:					
Access Alumni Jordan II		40706	S-ECAGD-14-CA-1167-A	1,907	-
				<u>3,064,509</u>	<u>130,450</u>
Academic Exchange Programs – Graduate Students:	19.400				
Direct award:					
Fulbright FY19		20320	SACAGD19CA0034	4,165,043	240,455
USDOS Fulbright FY18		20215	S-ECAGD-18-CA-1004	2,898,616	49,701
Fulbright FY17		20206	S-ECAGD-17-CA-1009	1,265,659	-
USDOS/Fulbright FY15		20319	S-ECAGD-15-CA-1019	105,727	-
Fulbright FY16		20202	S-ECAGD-16-CA-1002	28,646	-
USDOS/Fulbright FY 2013		20306	S-ECAGD-13-CA-028(SS)	(1,519)	-
USDOS/Fulbright FY14		20316	S-ECAGD-14-CA-1016	(15,744)	(19,795)
Fulbright Libya Travel		21976	SLY80019GR0006	41	-
				<u>8,446,469</u>	<u>270,361</u>

(Continued)

America-Mideast Educational and Training Services, Inc.

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2019**

Federal Grantor/Program Title/Grant Name	Federal CFDA Number	AMIDEAST Project Number	Grant/Contract Number	Federal Expenditures	Amount Provided to Subrecipients
Academic Exchange Programs – English Language Programs:	19.421				
Direct award:					
Key Influence Scholar 2018		21946	STS80018GR0012	\$ 8,065	\$ -
English Governance 2018		21945	STS80018GR0011	6,690	-
Passed through:					
FHI360:					
Access FY15		40209	S-ECAGD-15CA-1130	394,204	-
Access FY16		40212	S-ECAGD-15CA-1130	1,968,945	3,205
FHI360 FY14 Access		40686	S-ECAGD-14CA1167A001	(178)	-
ACCESS IT Teacher Training FY14		40215	SECAGD14CA1167A001	8,293	-
English Acc Microscholar		40710	SECAGD14CA1167A002	(1)	-
ACCESS FY17		40003	S-ECAGD-17-CA-1065	1,480,286	-
FY15 Access Hurgh Teacher Training		40004	S-ECAGD-15-CA-1130	54,708	-
RELO Education Hub		40005	S-ECAGD-15-CA-1130	24,804	-
Access Teacher Training Jordan		40714	S-ECAGD-15-CA-1130	20,769	-
				<u>3,966,585</u>	<u>3,205</u>
Academic Exchange Programs – Educational Advising and Student Services:	19.432				
Direct award:					
FY16 Advising Grant		20303	S-ECAGD-16-CA-1013	(5,990)	-
Education USA Strategic Fund FY17		21936	S-EG300-17-GR-0032	4,274	-
Education USA FY19-21		20322	S-ECAGD-19-CA-0032	675,000	-
				<u>673,284</u>	<u>-</u>
Middle East Partnership Initiative:	19.500				
Direct award:					
Abe Lincoln II		20786	S-NEAAC-15-CA-1073	67,267	-
				<u>67,267</u>	<u>-</u>
Professional and Cultural Exchange Programs – Citizen Exchanges:	19.415				
Passed through:					
American Councils for International Education:					
Youth Exchange and Study AY18-19 Inbound		40213	S-ECAGD-17-CA-1074	675,748	-
Youth Exchange and Study 15 Program Academic Year17-18		40207	S-ECAGD-15-CA-1113	216,136	800
American Council for International Education YES11		40677	S-ECAPY-12-GR-167(KF)	(4)	-
American Council for International Education YES14		40204	S-ECAGD-15-CA-1113	518	-
American Council for International Education-National Security Language Initiative for Youth (NSLI) 17-18		40208	S-ECAGD-16-CA-1077	(579)	-
American Councils for International Education-National Security Language Initiative for Youth (NSLI) 18-19		40705	S-ECAGD-17-CA-1053	438,249	-
American Councils for International Education-National Security Language Initiative for Youth (NSLI) 19-20		40707	S-ECAGD-18-CA-1041	501,570	-
KSA Youth Exchange and Study FY17		40001	S-ECAGD-17-CA-1074	15,626	-
Youth Exchange & Study 13		40692	S-ECAGD-14-CA-1086	3,870	-
Youth Exchange & Study 19-20		40223	S-ECAGD-18-CA-0044	960,611	-
Youth Exchange & Study 20-21		40225	SECAGD19CA0101	33,445	-
Legacy International:					
Legacy Professional Fellows Program 3		40211	S-ECAGD-16-CA-1087	(1)	-
Legacy Professional Fellows Program 4 - Lebanon		40221	S-ECAGD-17-CA-1081	10,496	-
Legacy Professional Fellows Program 2		40206	S-ECAGD-15-CA-1119	546	-
Legacy Professional Fellows Program 5		40712	S-ECAGD-17-CA-0018	10,271	-
Legacy Professional Fellows Program 2		40713	S-ECAGD-18-CA-0018	3,706	-
Legacy Professional Fellows Program 4 - Libya		40222	S-ECAGD-17-CA-1081	3,058	-
				<u>2,873,266</u>	<u>800</u>

(Continued)

America-Mideast Educational and Training Services, Inc.

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2019**

Federal Grantor/Program Title/Grant Name	Federal CFDA Number	AMIDEAST Project Number	Grant/Contract Number	Federal Expenditures	Amount Provided to Subrecipients
Educational and Cultural Exchange Programs:					
Direct award:	19.022				
FY17 EdUSA Outreach		21902	S-LE200-17-CA-012	\$ 6,099	\$ -
EdUSA FY17 Support Tunisia		21914	S-TS-800-17-GR-0055	(24)	-
				<u>6,075</u>	<u>-</u>
Academic Exchange Programs - Teachers:					
Passed through:	19.408				
American Councils for International Education:					
Teachers of Critical Languages Program (TCLP)		40218	ECA-ECAAS-18-001	2,377	-
Teachers of Critical Languages Program (TCLP)		40649	Various	(2)	-
Teachers of Critical Languages Program (TCLP)		40666	SECAGD-19-CA-0035	16,570	-
				<u>18,945</u>	<u>-</u>
Global Counterterrorism Programs:					
Direct award:	19.701				
Critical Thinking		21863	STS80016GR077PDP03	1,445	-
BLADI		20323	SLMAQM18CA2032	304,924	77,768
				<u>306,369</u>	<u>77,768</u>
Public Diplomacy Programs:					
Direct award:	19.040				
PCELT		21929	SMO55017GR0097	153,876	15,226
ACCESS FY16 III		40220	SJO10017GR067	97,996	-
Access Continuation Works		21958	SMO55018GR0053	90,000	-
Inspire Grant Award Provi		21950	S-JO-100-18-GR074	43,561	-
EL Olympics 2019		21971	SJO10019GR0051	21,098	-
English Language Initiative Algeria		21906	S-AG100-17-CA001	19,110	-
Access Graduation Ceremon		21962	SMO55018GR0047	11,026	-
EdUSA Outreach Morocco		21980	SMO55019GR0019	6,639	-
ACCESS FY16 II		40219	SJO10017GR058	6,588	-
EdUSA Mor Travl OutRch		21933	SMO55017GR0056	6,312	-
Eng Lang Olympics		21937	SJO10018GR014	(1)	-
Jordan Access II FY16 Enh		21944	S-JO-100-17-GR060	(5)	-
YES Alumni Seminar		21932	SMO55017GR0091	(19)	-
Access FY13 Alumni Jordan		21917	S-JO-100-17-GR-044	(29)	-
				<u>456,152</u>	<u>15,226</u>
Bureau of Near Eastern Affairs:					
Direct award:	19.600				
Tomorrows Leaders 2016		20212	S-NEAAC-16-CA-1046	(146)	-
Nahdhat Shabab Yemen Program		20785	S-NEAAC-17-GR-1026	473,733	-
Tomorrows Leaders VII		20213	S-NEAAC-17-CA-1029	398,596	-
Passed through:					
Georgetown Univ.Center IE		40711	S-NEAAC-17-CA-1016	10,000	-
GU SLP Accelerator Worksh		41707	CON-0011317	25,316	-
MEPI/GU Capstone Seminar		40002	S-NEAAC-17-CA-1016	(114)	-
				<u>907,385</u>	<u>-</u>
Total United States Department of State				<u>20,786,306</u>	<u>497,810</u>
Total expenditures of federal awards				<u>\$ 28,944,590</u>	<u>\$ 841,680</u>

See notes to schedule of expenditures of federal awards.

America-Mideast Educational and Training Services, Inc.

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal expenditures of America-Mideast Educational and Training Services, Inc. (AMIDEAST) under programs of the federal government for the year ended September 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of AMIDEAST, it is not intended to and does not present the financial position, changes in net assets or cash flows of AMIDEAST.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenses in prior years.

Note 3. Indirect Cost Rate

AMIDEAST did not elect to use the 10% de minimis cost rate as allowed under the Uniform Guidance.

America-Mideast Educational and Training Services, Inc.

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2019**

Section I. Summary of Auditor's Results

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 Yes X No

Identification of major programs:

Name of Federal Program or Cluster

CFDA Numbers(s)

USAID Foreign Assistance for Program Overseas

98.001

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 868,338

Auditee qualified as low-risk auditee?

 X Yes No

Section II. Financial Statements Findings

None reported.

Section III. Findings and Questioned Costs for Federal Awards

None reported.

America-Mideast Educational and Training Services, Inc.

Summary Schedule of Prior Audit Findings Year Ended September 30, 2019

Finding 2018-001: Financial Statement Preparation and Closing Process

Condition and context: A formal review and reconciliation was not completed in its entirety to ensure all accounts were closed for the period and accurately reconciled in accordance with generally accepted accounting principles and as a result, we identified errors and/or inconsistencies in accounting records. While the collective amount of these was not material to the overall financial statements, multiple accounts and amounts were affected.

Current status: This finding has been remediated in the current year.

America-Mideast Educational and Training Services, Inc.

Financial Report
September 30, 2019

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RSM US LLP

Independent Auditor's Report

Board of Directors
America-Mideast Educational and Training Services, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of America-Mideast Educational and Training Services, Inc. (AMIDEAST), which comprise the statement of financial position as of September 30, 2019, the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of America-Mideast Educational and Training Services, Inc. as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As disclosed in Note 1 to the financial statements for the year ended September 30, 2019, AMIDEAST retrospectively adopted the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The adoption of this standard resulted in additional footnote disclosures and changes to the classification of net assets. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited AMIDEAST's 2018 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2020, on our consideration of AMIDEAST's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AMIDEAST's internal control over financial reporting and compliance.

RSM US LLP

Washington, D.C.
March 17, 2020

America-Mideast Educational and Training Services, Inc.

**Statement of Financial Position
September 30, 2019
(With Comparative Totals for 2018)**

	2019	2018
Assets		
Cash and cash equivalents	\$ 4,230,012	\$ 3,276,084
Receivables, net	8,486,679	8,903,407
Promises to give, net	167,500	-
Prepaid expenses and other	1,655,594	1,938,291
Inventory, net	710,806	507,024
Investments	16,601,444	16,108,474
Property and equipment, net	1,572,928	1,505,281
	<u>\$ 33,424,963</u>	<u>\$ 32,238,561</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 4,474,099	\$ 4,469,303
Accrued expenses	2,633,022	2,568,526
Severance payable	2,119,449	2,367,034
Deferred revenue	4,582,125	4,230,655
Capital lease obligations	283,026	103,288
Deferred rent	1,529,844	1,653,145
	<u>15,621,565</u>	<u>15,391,951</u>
Commitments and contingencies (Notes 13 and 14)		
Net assets:		
Without donor restrictions:		
Undesignated	3,195,931	945,778
Board reserves	12,799,333	14,083,369
	<u>15,995,264</u>	<u>15,029,147</u>
With donor restrictions	1,808,134	1,817,463
	<u>17,803,398</u>	<u>16,846,610</u>
	<u>\$ 33,424,963</u>	<u>\$ 32,238,561</u>

See notes to financial statements.

America-Mideast Educational and Training Services, Inc.

Statement of Activities
 Year Ended September 30, 2019
 (With Comparative Totals for 2018)

	2019			2018 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Grants and contracts	\$ 42,627,408	\$ -	\$ 42,627,408	\$ 43,890,700
Fees for services	18,300,944	-	18,300,944	18,669,411
Contributions	46,411	1,822,392	1,868,803	2,917,247
Investment income, net	941,261	-	941,261	782,066
Other	30,489	-	30,489	42,208
Net assets released from restrictions	1,831,721	(1,831,721)	-	-
Total support and revenue	63,778,234	(9,329)	63,768,905	66,301,632
Expenses:				
Program services:				
Field offices	34,932,815	-	34,932,815	37,926,518
Exchange programs	14,294,195	-	14,294,195	13,982,175
Other programs	1,351,904	-	1,351,904	1,057,881
Total program services	50,578,914	-	50,578,914	52,966,574
Supporting services	12,233,203	-	12,233,203	12,571,744
Total expenses	62,812,117	-	62,812,117	65,538,318
Change in net assets	966,117	(9,329)	956,788	763,314
Net assets:				
Beginning	15,029,147	1,817,463	16,846,610	16,083,296
Ending	\$ 15,995,264	\$ 1,808,134	\$ 17,803,398	\$ 16,846,610

See notes to financial statements.

America-Mideast Educational and Training Services, Inc.

**Statement of Functional Expenses
Year Ended September 30, 2019
(With Comparative Totals for 2018)**

	Program Services			Supporting Services		2019 Total	2018 Total
	Field Offices	Exchange Programs	Other Programs	Total Program Services	General and Administrative		
Salaries	\$ 6,590,463	\$ 1,215,486	\$ 655,055	\$ 8,461,004	\$ 6,459,075	\$ 14,920,079	\$ 14,901,865
Benefits	1,857,062	342,599	163,848	2,363,509	1,973,934	4,337,443	4,222,331
Total salaries and benefits	8,447,525	1,558,085	818,903	10,824,513	8,433,009	19,257,522	19,124,196
Participant and student	7,615,294	11,745,431	148,105	19,508,830	1,245	19,510,075	20,116,140
Consulting and professional services	4,851,977	5,388	18,901	4,876,266	744,246	5,620,512	5,384,820
Occupancy	3,734,613	202,457	124,514	4,061,584	479,523	4,541,107	4,916,031
Other pass through*	3,701,125	-	32,894	3,734,019	-	3,734,019	4,121,724
Miscellaneous	1,371,528	294,870	38,398	1,704,796	1,025,235	2,730,031	2,639,577
Office expense	1,486,732	13,537	24,675	1,524,944	459,767	1,984,711	1,904,973
Furniture, equipment and software	1,668,392	-	1,777	1,670,169	98,918	1,769,087	3,461,271
Subcontracts and subagreements	768,053	318,791	-	1,086,844	-	1,086,844	1,511,888
Travel	536,609	47,405	76,319	660,333	388,487	1,048,820	814,314
Telecommunications	104,905	6,696	1,861	113,462	313,134	426,596	461,609
Depreciation and amortization	165,391	61,424	37,777	264,592	145,485	410,077	471,271
Printing, postage and delivery	261,183	19,855	19,532	300,570	51,871	352,441	341,947
Conferences and meetings	219,488	20,256	8,248	247,992	92,283	340,275	268,557
Total other expenses	26,485,290	12,736,110	533,001	39,754,401	3,800,194	43,554,595	46,414,122
Total	\$ 34,932,815	\$ 14,294,195	\$ 1,351,904	\$ 50,578,914	\$ 12,233,203	\$ 62,812,117	\$ 65,538,318

* Other pass through includes ACCESS subgrants.

See notes to financial statements.

America-Mideast Educational and Training Services, Inc.

Statement of Cash Flows
Year Ended September 30, 2019
(With Comparative Totals for 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 956,788	\$ 763,314
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	410,077	471,271
Loss on asset disposal	11,656	-
Unrealized and realized gains on investments, net	(615,434)	(484,921)
(Decrease) increase in allowance for inventory obsolescence	(48,998)	27,739
Discount on promises to give	-	(7,766)
Increase (decrease) in provision for doubtful accounts	310,661	(116,595)
Deferred rent	(123,301)	(101,729)
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	106,067	5,531,177
Promises to give	(167,500)	7,766
Prepaid expenses and other	282,697	(319,260)
Inventory	(154,784)	24,759
Increase (decrease) in:		
Accounts payable	4,796	(891,012)
Accrued expenses	64,496	(93,011)
Severance payable	(247,585)	239,872
Deferred revenue	351,470	(3,041,023)
Net cash provided by operating activities	1,141,106	2,010,581
Cash flows from investing activities:		
Purchases of investments	(6,924,937)	(7,724,922)
Proceeds from sale of investments	7,047,401	6,582,795
Purchases of property and equipment	(210,512)	(66,230)
Net cash used in investing activities	(88,048)	(1,208,357)
Cash flows from financing activities:		
Principal payments under capital lease obligations	(99,130)	(40,805)
Net cash used in financing activities	(99,130)	(40,805)
Net increase in cash and cash equivalents	953,928	761,419
Cash and cash equivalents:		
Beginning	3,276,084	2,514,665
Ending	\$ 4,230,012	\$ 3,276,084
Supplemental disclosures of cash flow information:		
Cash payments for interest	\$ 13,022	\$ 8,442
Equipment acquired with capital lease	\$ 278,868	\$ -

See notes to financial statements.

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: America-Mideast Educational and Training Services, Inc. (AMIDEAST), founded in 1951 as a private, nonprofit organization, was established to promote cooperation and understanding between the people of the United States and the people of the Middle East and North Africa (MENA). AMIDEAST's commitment to this goal is expressed primarily through education, information and development programs. AMIDEAST's sources of funds are cost-reimbursement contracts, grants and cooperative agreements from federal awarding agencies, foreign governments and private organizations, as well as fee for service activities. AMIDEAST currently operates in 11 countries in the MENA region.

A summary of AMIDEAST's significant accounting policies follows:

Basis of accounting: The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional support is recognized when notification of the contribution is received, revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-for-Profit Entities Topic of the FASB ASC, AMIDEAST is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Represent resources that are neither purpose or time restricted by donor-imposed stipulations. Board reserve net assets represent funds set aside by the Board of Directors to support AMIDEAST's programs and activities. Undesignated net assets represent funds available for general operations.

Net assets with donor restrictions: Represent resources whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the organization pursuant to these stipulations. Net assets may be restricted for various purposes, such as use in future periods or use for specified parties.

Financial risk: AMIDEAST maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. AMIDEAST has not experienced any losses in such accounts. AMIDEAST believes it is not exposed to any significant financial risk on cash.

AMIDEAST invests in a professionally managed portfolio that contains various securities. Such investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

AMIDEAST had approximately \$3.3 million of cash and cash equivalents held at financial institutions in foreign countries at September 30, 2019.

Cash and cash equivalents: For purposes of reporting cash flows, AMIDEAST considers money market accounts to be cash equivalents. Money market funds held in investment accounts are excluded from cash and cash equivalents and reported with investments.

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Restricted cash: AMIDEAST maintains a cash balance at two foreign locations where there are funds not available to be transferred outside the country due to governmental restrictions. Restricted cash is \$2,106,932 at September 30, 2019, which is included in cash and cash equivalents.

Reimbursable expenditures under contracts and grants and receivables: Grants and contract receivables are generated from prime and subcontracting arrangements with federal governmental agencies and other various private entities. Billed amounts represent invoices that have been prepared and sent to the funder. Reimbursable expenditures under contracts and grants represent unbilled recoverable costs incurred and where applicable, accrued fixed fees related to contracts and grants for which the funder has not been invoiced. Recoverable costs for federal awards are billable when allowable expenditures are incurred except that tuition payments under the Fulbright programs are billable when they are paid by AMIDEAST.

Receivables related to fee for service activities are carried at original invoice amount. An estimate is made for doubtful accounts from fee for service activities and grants and contracts with private entities. It is anticipated that all receivables due from the U.S. government are collectible. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history and current economic conditions. Receivables are considered past due if the invoice has been outstanding more than 30 days. The provision for doubtful accounts at September 30, 2019, was \$761,061

Inventory: Inventory consists primarily of books, posters and study materials and tests. Inventory is carried at the lower of cost or net realizable value, with cost determined using the average cost method. Management establishes a reserve for any inventory deemed to be non-saleable. The allowance for obsolescence, based on management's evaluation of the salability of inventory at September 30, 2019, was \$167,255.

Investments: Investments with readily determinable fair values are reflected at fair value. To adjust the carrying values of these investments, the change in fair market value is recorded as a component of investment income on the statement of activities.

Property and equipment: Property and equipment is recorded at cost and depreciated on the straight-line basis over their estimated useful lives, ranging from three to ten years. Leasehold improvements are recorded at cost and amortized over the shorter of the asset's useful life or the term of the lease. AMIDEAST capitalizes all property and equipment purchased with a cost of \$5,000 or more.

Valuation of long-lived assets: AMIDEAST reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Severance payable: Laws and regulations in several foreign countries in which AMIDEAST has offices require payments to be made to employees at time of separation based on years of service.

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Deferred rent: AMIDEAST has noncancellable lease agreements for rental spaces in Washington, D.C. and foreign offices. Under the terms of the lease agreement in Washington, D.C., AMIDEAST has rent abatement for seven months free of charge. The benefits that AMIDEAST receives from the free months and rent increases in future years are being allocated on a straight-line basis over the term of the lease as an offset against each period's occupancy expenditures. In addition, a landlord improvement allowance was provided for leasehold improvements. This benefit is being recognized on a straight-line basis over the life of the lease agreement.

Support and revenue: AMIDEAST receives grants and contracts from federal agencies and private grantors for various purposes. Cost reimbursement grants for particular projects are deemed to be earned and are reported as revenue when AMIDEAST has incurred expenses in compliance with the specific conditions and restrictions. Revenues derived from performance of services are recognized in the period in which the services are provided. Amounts collected in advance are recorded as deferred revenue.

Unconditional contributions are recorded as without donor restrictions or with donor restrictions when received, depending on the existence and/or nature of any donor restrictions. Receipts from conditional contributions are classified as refundable advances until expended for the purposes of the contributions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Foreign currency translation: Monthly expenses that are incurred by project field operations in foreign countries are translated using the average exchange rate in effect at the beginning of each month.

Indirect expenses: Indirect costs are charged to all awards based on a provisional rate established by AMIDEAST's cognizant agency. Any variance between the provisional rate and the final negotiated rate is adjusted at the end of the fiscal year.

Functional expenses: The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. As a result, these expenses require allocation on a reasonable basis that is consistently applied within the organization. Direct costs associated with specific programs are recorded as program expenses. Salaries are allocated based on estimates of time and effort. Employee benefits are allocated based on approved indirect rates. Occupancy and depreciation are allocated based on usage.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes: AMIDEAST is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to AMIDEAST's tax exempt purpose is subject to taxation as unrelated business income. AMIDEAST had no unrelated business income for the year ended September 30, 2019; therefore, no tax provision has been made in these financial statements. Management evaluated AMIDEAST's tax positions and concluded that AMIDEAST had taken no uncertain tax positions that require adjustment to the financial statements. Generally, AMIDEAST is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2016.

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Prior year information: The financial statements include certain prior year summarized comparative information in total but not by net asset class or function. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with AMIDEAST's financial statements for the year ended September 30, 2018, from which the summarized information was derived.

Adopted accounting pronouncement: In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance and cash flows. This ASU was retrospectively adopted by AMIDEAST in fiscal year 2019. As permitted by the ASU in the year of adoption, the liquidity and availability disclosures and statement of functional expenses are not presented on a comparative basis.

Pending accounting pronouncements: In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The updated standard will be effective for annual reporting periods beginning after December 15, 2018. AMIDEAST is in the process of evaluating the impact of this new guidance.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires lessees to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. The ASU is effective for AMIDEAST for the year beginning after December 31, 2020. The adoption of this standard is expected to result in AMIDEAST recognizing right-of-use assets and lease liabilities for some leases currently accounted for as operating leases under legacy lease accounting guidance. Management is evaluating the impact of this standard on its financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The purpose of the ASU is to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in the ASU should assist entities in: (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The amendments in the ASU likely will result in more grants and contracts being accounted for as either contributions or conditional contributions than observed in practice under current guidance. The amendments in the ASU should be applied on a modified prospective basis, although retrospective application is permitted. Entities should apply the amendments for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. Entities should apply the amendments for transactions in which the entity serves as the resource provider to annual periods beginning after December 15, 2019.

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosures Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. The ASU will be effective for all entities for fiscal years beginning after December 15, 2019. Management is evaluating the impact of this new standard on its financial statements.

Subsequent events: AMIDEAST evaluated subsequent events through March 17, 2020, which is the date the financial statements were available to be issued. Subsequent to year-end, AMIDEAST purchased a building in Alexandria, Egypt for \$1.975 million. The purchase occurred in January 2020.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and on March 10, 2020, declared COVID-19 a pandemic. The impact of COVID-19 will negatively impact the AMIDEAST’s operations because a large portion of the services involve students and are provided in classroom settings and testing centers that have suspended activities for an unknown time period. The negative impact of the regional and global outbreak of COVID-19, could include existing contract work and may negatively impact our vendors, partners and donors. Any quarantines, labor shortages or other disruptions to the AMIDEAST’s operations, or those of their customers, will adversely impact the AMIDEAST’s revenues, ability to provide its services and operating results. In addition, a significant outbreak of epidemic, pandemic or contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, including the geographical area in which the AMIDEAST operates, resulting in an economic downturn that could affect demand for services. As of the date of these financial statements, certain activities have been required to close for an unknown time. The extent to which the coronavirus impacts the AMIDEAST’s results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

Reclassifications: Certain 2018 amounts have been reclassified to conform to the 2019 presentation. These reclassifications had no effect on the previously reported change in net assets or net assets.

Note 2. Liquidity and Availability

AMIDEAST regularly monitors liquidity required to meet its operating needs, responsibilities to donors and other contractual commitments, while also striving to maximize the investment of its available funds. As part of AMIDEAST’s liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. In the addition, the board reserve fund of \$12,799,333 may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, AMIDEAST could also draw upon \$6,308,000 of available line of credit (see Note 6).

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 2. Liquidity and Availability (Continued)

The following represents AMIDEAST's financial assets as of September 30, 2019:

Cash and cash equivalents	\$ 4,230,012
Accounts receivable	8,486,679
Pledges receivable	167,500
Investments	16,601,444
Total financial assets	<u>29,485,635</u>
Less: Net assets with donor restrictions	1,808,134
Less: Board reserves net assets	12,799,333
Less: Pledges receivable due after one year	<u>130,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 14,748,168</u></u>

Note 3. Receivables

Receivables at September 30, 2019, consist of the following:

Reimbursable expenditures under contracts and grants	\$ 7,431,952
Field office fee for service	1,460,420
Testing	224,436
Staff/vendors	110,819
Other	20,113
	<u>9,247,740</u>
Less provision for doubtful accounts	<u>761,061</u>
	<u><u>\$ 8,486,679</u></u>

Note 4. Investments

Investments at September 30, 2019, consist of the following:

Common stock	\$ 7,783,797
Cash/money market	4,443,735
Corporate bonds	1,256,318
Government securities	2,278,960
Mutual funds	838,634
	<u>\$ 16,601,444</u>

The investments detailed above include \$12,799,333 of board reserves (Note 9).

Investment income for the year ended September 30, 2019, consists of the following:

Unrealized and realized gains, net	\$ 615,434
Interest and dividends	410,740
Investment fees	<u>(84,913)</u>
	<u><u>\$ 941,261</u></u>

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 5. Property and Equipment

Property and equipment and accumulated depreciation at September 30, 2019, and depreciation expense for the year ended September 30, 2019, are as follows:

Asset Category	Estimated Useful Lives	Cost	Accumulated Depreciation	Net	Depreciation and Amortization Expense
Furniture and equipment	3-10 years	\$ 812,479	\$ 535,005	\$ 277,474	\$ 129,032
Leasehold improvements	Life of lease	2,479,267	1,439,442	1,039,825	257,806
Capital lease	Life of lease	278,868	23,239	255,629	23,239
		<u>\$ 3,570,614</u>	<u>\$ 1,997,686</u>	<u>\$ 1,572,928</u>	<u>\$ 410,077</u>

Note 6. Line of Credit

AMIDEAST has a \$6,308,000 express credit line loan agreement, which is tied to the fair market value of the investment portfolio. There is currently no expiration date on this line. The line bears interest at London Interbank Offered Rate (LIBOR) one-month plus 1.125% (3.16% at September 30, 2019) and is secured by AMIDEAST's investment portfolio assets. AMIDEAST had no outstanding debt balance at September 30, 2019.

Note 7. Accrued Expenses

Accrued expenses at September 30, 2019, consist of the following:

Vacation	\$ 912,788
Payroll benefits	892,023
Other	828,211
	<u>\$ 2,633,022</u>

Note 8. Capital Lease

Capital leases at September 30, 2019, consist of two copiers. Future minimum rental payments on the leases are as follows:

Years ending September 30:	
2020	\$ 92,822
2021	63,922
2022	63,922
2023	63,922
2024	26,634
	<u>311,222</u>
Less interest	(28,196)
	<u>\$ 283,026</u>

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 9. Board Reserves

The Board of Directors has designated a reserve fund, as follows:

Board reserve net assets, beginning of year	\$ 14,083,369
Designations	(2,021,000)
Investment return:	
Investment income, net of fees	209,268
Net realized and unrealized gain	527,696
Total investment income	<u>736,964</u>
Board reserve net assets, end of year	<u>\$ 12,799,333</u>

Interpretation of relevant law: The ASC provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA is a model act approved by the Uniform Law Commission (ULC, formerly known as the National Conference of Commissioners on Uniform State Laws) that serves as a guideline for states to use in enacting legislation. The Codification also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board designated endowment funds), whether or not the organization is subject to UPMIFA. The required disclosures are as follows:

1. The duration and preservation of the fund
2. The purposes of AMIDEAST and the donor-restricted reserve fund
3. General economic conditions
4. The possible effects of inflation and deflation

Return objective and risk parameters: AMIDEAST's objective is to earn a respectable, long-term, risk-adjusted total rate of return to support the designated programs and recognizes and accepts that pursuing a respectable rate of return involves risk and potential volatility. The generation of current income will be a secondary consideration. AMIDEAST targets a diversified asset allocation that places a greater emphasis on equity securities investments to achieve its long-term return objectives within prudent risk constraints. AMIDEAST has established a policy portfolio, or normal asset allocation. While the policy portfolio can be adjusted from time to time, it is designed to serve for long-term horizons based upon long-term expected returns. AMIDEAST has a preference for simple investment structures which will have lower cost, easier oversight and less complexity for internal financial management and auditing.

Spending policy: AMIDEAST will appropriate for expenditure in its annual budget a maximum of 100% of the earnings. There may be times when AMIDEAST may opt not to take the maximum spending rate, but rather to reinvest some or all of the annual return.

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 10. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions during the year ended September 30, 2019, were as follows:

	Balance September 30,			Balance September 30,	
	2018	Additions	Released	2019	
Purpose restricted:					
Arab Heritage Fund	\$ 844,665	\$ 561,146	\$ 72,750	\$ 1,333,061	
Hope Fund	86,751	446,829	430,065	103,515	
Diana Kamal Scholarship Fund – Egypt	-	352,073	275,510	76,563	
Kyali Grant	65,205	-	-	65,205	
Barja	100,000	-	47,710	52,290	
Lincoln program	-	10,000	-	10,000	
David Mize Scholarship	303,384	-	303,384	-	
ALAB	84,449	146,280	230,729	-	
Chevron	-	96,064	96,064	-	
Cisco	57,073	-	57,073	-	
Gaza Support	48,732	-	48,732	-	
Occidental	47,590	-	47,590	-	
Yeman Emergency Student Support Fund	31,425	-	31,425	-	
Fulbright Alumni Association	29,907	-	29,907	-	
Other	69,801	-	69,801	-	
English and Technology Project	24,659	-	24,659	-	
Egypt 50th Anniversary	23,822	-	23,822	-	
	<u>1,817,463</u>	<u>1,612,392</u>	<u>1,789,221</u>	<u>1,640,634</u>	
Time restricted:					
Hope Fund	-	210,000	42,500	167,500	
	<u>\$ 1,817,463</u>	<u>\$ 1,822,392</u>	<u>\$ 1,831,721</u>	<u>\$ 1,808,134</u>	

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 11. Retirement Plan

AMIDEAST has a 401(k) profit sharing retirement plan covering all eligible employees. The 401(k) plan provides for a discretionary contribution to be determined annually. Employees are eligible for the employer contribution upon 21 years of age and one year of service. Contributions for the year ended September 30, 2019, were \$268,352.

Note 12. Fair Value Measurements

The Fair Value Measurement Topic of the FASB ASC establishes a fair value hierarchy that is based on the valuation inputs used in the fair value measurements. This topic applies to all assets and liabilities that are being measured and reported on a fair value basis. This topic requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

To determine the appropriate levels, AMIDEAST performs a detailed analysis of the assets and liabilities that are subject to the Fair Value Measurement Topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets held by AMIDEAST at September 30, 2019.

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy:

	Total	Level 1	Level 2	Level 3
Assets:				
Money market	\$ 4,443,735	\$ 4,443,735	\$ -	\$ -
Common stock:				
Financial	2,535,373	2,535,373	-	-
Technology	2,349,373	2,349,373	-	-
Services	1,231,602	1,231,602	-	-
Consumer goods	1,019,604	1,019,604	-	-
Healthcare	383,367	383,367	-	-
Basic materials	264,478	264,478	-	-
Bonds:				
Corporate bonds	1,256,318	-	1,256,318	-
Government securities	2,278,960	-	2,278,960	-
Mutual funds:				
Equity energy	402,560	402,560	-	-
Commodities precious metals	253,800	253,800	-	-
Europe stock	182,274	182,274	-	-
	<u>\$ 16,601,444</u>	<u>\$ 13,066,166</u>	<u>\$ 3,535,278</u>	<u>\$ -</u>

The money market, common stock and mutual funds of AMIDEAST are publicly traded and are considered Level 1 items. AMIDEAST's corporate and government fixed income securities (bonds) are priced based on their stated interest rates and quality ratings. The interest and quality ratings are observable at commonly quoted intervals for the full term of the instruments and are therefore considered Level 2 items.

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 13. Commitments

Operating leases: AMIDEAST has noncancellable operating leases for office space and office equipment that expire at various dates through June 2026. The office lease for Washington, D.C. calls for annual escalations of 2.5% and a total of seven months of rent abatement during two separate periods of time during the years ended September 30, 2015 and 2016. The lease also provides for a tenant improvement allowance of \$1,428,280. A deferred rent liability of \$1,529,844 is recorded on the statement of financial position in relation to the tenant improvement allowance, rental abatement, and escalating lease payments. Total rent charged to operations for the year ended September 30, 2019, was \$3,665,268.

Future minimum rental payments on the leases are as follows:

Years ending September 30:	
2020	\$ 2,141,952
2021	1,650,942
2022	1,197,352
2023	1,226,151
2024	1,255,646
2025-2026	2,022,941
	<u>\$ 9,494,984</u>

Note 14. Contingencies

AMIDEAST participates in a number of federally-assisted grant programs, which are subject to financial and compliance audits by federal agencies or their representatives. As such, there exists a contingent liability for potential questioned costs that may result from such audits. Management does not anticipate any significant adjustments as a result of such audits.

In the ordinary course of business, AMIDEAST is a party to claims and litigation. Management, based on consultation with legal counsel, is of the opinion that the ultimate outcome of these claims will have no material impact on the financial position, change in net assets or liquidity of AMIDEAST.

Note 15. Major Funders

During the year ended September 30, 2019, approximately 45% of AMIDEAST's support and revenue and 66% of AMIDEAST's receivables and reimbursable expenditures under contracts and grants were derived from grants from the U.S. Department of State and the U.S. Agency for International Development.