EDUCATION FOR EMPLOYMENT

Financial Statements

December 31, 2019
CONTENTS

Independent Auditor’s Report................................................................................................................... 1

Statement of Financial Position ................................................................................................................ 3

Statement of Activities and Changes in Net Assets .............................................................................. 4

Statement of Cash Flows .......................................................................................................................... 5

Statement of Functional Expenses ............................................................................................................ 6

Notes to Financial Statements ................................................................................................................... 7

Independent Auditor’s 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 .................................................................................................................. 17

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance .............................................................................................................................. 19

Schedule of Expenditures of Federal Awards – Not-For-Profit Organizations ........................................... 21

Schedule of Findings and Questioned Costs ............................................................................................. 22
Independent Auditor’s Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Education for Employment (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 Education for Employment as of December 31, 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.
Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 31, 2020 on our consideration of Education for Employment’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 Education for Employment’s 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 Education for Employment’s internal control over financial reporting and compliance.

Edelstein & Company LLP

Boston, Massachusetts
July 31, 2020
EDUCATION FOR EMPLOYMENT

Statement of Financial Position
December 31, 2019

<table>
<thead>
<tr>
<th>Assets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$597,725</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>318,931</td>
</tr>
<tr>
<td>Government contract receivable</td>
<td>746,400</td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td>501,248</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>10,416</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>42,296</td>
</tr>
<tr>
<td>Furniture and equipment, net</td>
<td>2,951</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>68,059</td>
</tr>
<tr>
<td>Deposits</td>
<td>28,643</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$2,316,669</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and net assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$89,165</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>139,343</td>
</tr>
<tr>
<td>Grants payable</td>
<td>147,943</td>
</tr>
<tr>
<td>Deferred rent</td>
<td>69,715</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>$446,166</strong></td>
</tr>
</tbody>
</table>

| Net assets (deficit):         |       |
| Without donor restrictions    | $(225,144) |
| With donor restrictions       | 2,095,647 |
| **Total net assets**          | **1,870,503** |

<table>
<thead>
<tr>
<th>Total liabilities and net assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$2,316,669</strong></td>
</tr>
</tbody>
</table>

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

Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2019

<table>
<thead>
<tr>
<th>Support and revenue:</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions and grants</td>
<td>$ 1,328,762</td>
<td>$ 2,394,612</td>
<td>$ 3,723,374</td>
</tr>
<tr>
<td>Government grants</td>
<td>1,153,875</td>
<td>-</td>
<td>1,153,875</td>
</tr>
<tr>
<td>Government funded subcontracts</td>
<td>1,612,399</td>
<td>-</td>
<td>1,612,399</td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>721,981</td>
<td>-</td>
<td>721,981</td>
</tr>
<tr>
<td>Interest income</td>
<td>42</td>
<td>-</td>
<td>42</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>2,702,743</td>
<td>(2,702,743)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total support and revenue</strong></td>
<td>7,519,802</td>
<td>(308,131)</td>
<td>7,211,671</td>
</tr>
</tbody>
</table>

| Expenses:                                     |                           |                         |         |
| Program services                              | 5,201,334                 | -                       | 5,201,334 |
| Management and general                        | 2,087,462                 | -                       | 2,087,462 |
| Fundraising                                   | 237,925                   | -                       | 237,925  |
| **Total expenses**                            | 7,526,721                 | -                       | 7,526,721 |

| Changes in net assets                         |                           |                         |         |
| **Net assets (deficit), beginning of year**   | (218,225)                 | 2,403,778               | 2,185,553 |

| Net assets (deficit), end of year             | $ (225,144)               | $ 2,095,647             | $ 1,870,503 |

The accompanying notes are an integral part of these financial statements.
Statement of Cash Flows
For the Year Ended December 31, 2019

Cash flows from operating activities:
Change in net assets $ (315,050)
Adjustments to reconcile changes in net assets to net cash used in operating activities:
  Depreciation and amortization 74,375
Changes in operating assets and liabilities:
  Grants receivable (187,096)
  Government contract receivable (479,874)
  Pledges receivable, net (455,018)
  Accounts receivable (10,416)
  Prepaid expenses 10,201
  Deposits (13,220)
  Accounts payable 26,298
  Accrued expenses 7,741
  Grants payable 119,289
  Deferred rent 69,715
Net cash used in operating activities (1,153,055)

Cash flows used in investing activities:
  Purchase of furniture and equipment (2,382)
Decrease in cash (1,155,437)
Cash, beginning of year 1,753,162
Cash, end of year $ 597,725

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

Statement of Functional Expenses
For the Year Ended December 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>$ 3,782,666</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 3,782,666</td>
</tr>
<tr>
<td>Salaries and compensation</td>
<td>741,439</td>
<td>627,172</td>
<td>158,027</td>
<td>1,526,638</td>
</tr>
<tr>
<td>Marketing</td>
<td>3,054</td>
<td>287,950</td>
<td>3,739</td>
<td>294,743</td>
</tr>
<tr>
<td>Technology</td>
<td>165,004</td>
<td>129,687</td>
<td>-</td>
<td>294,691</td>
</tr>
<tr>
<td>Accounting</td>
<td>-</td>
<td>279,950</td>
<td>-</td>
<td>279,950</td>
</tr>
<tr>
<td>Payroll taxes and benefits</td>
<td>122,924</td>
<td>98,073</td>
<td>31,672</td>
<td>252,669</td>
</tr>
<tr>
<td>Consulting</td>
<td>84,674</td>
<td>150,646</td>
<td>-</td>
<td>235,320</td>
</tr>
<tr>
<td>Travel</td>
<td>127,880</td>
<td>85,614</td>
<td>12,454</td>
<td>225,948</td>
</tr>
<tr>
<td>Legal</td>
<td>-</td>
<td>170,486</td>
<td>-</td>
<td>170,486</td>
</tr>
<tr>
<td>Occupancy</td>
<td>75,587</td>
<td>62,567</td>
<td>16,441</td>
<td>154,595</td>
</tr>
<tr>
<td>Hospitality</td>
<td>67,131</td>
<td>12,512</td>
<td>7</td>
<td>87,537</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>-</td>
<td>74,375</td>
<td>-</td>
<td>74,375</td>
</tr>
<tr>
<td>Office expenses</td>
<td>7,589</td>
<td>45,941</td>
<td>7</td>
<td>53,537</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>21,498</td>
<td>7,332</td>
<td>28,830</td>
</tr>
<tr>
<td>Training costs and materials</td>
<td>22,608</td>
<td>720</td>
<td>-</td>
<td>23,328</td>
</tr>
<tr>
<td>Insurance</td>
<td>314</td>
<td>16,635</td>
<td>-</td>
<td>16,949</td>
</tr>
<tr>
<td>Telephone</td>
<td>449</td>
<td>11,557</td>
<td>40</td>
<td>12,046</td>
</tr>
<tr>
<td>Staff training and development</td>
<td>-</td>
<td>9,628</td>
<td>-</td>
<td>9,628</td>
</tr>
<tr>
<td>Recruitment</td>
<td>15</td>
<td>2,451</td>
<td>-</td>
<td>2,466</td>
</tr>
</tbody>
</table>

$ 5,201,334  $ 2,087,462  $ 237,925  $ 7,526,721

The accompanying notes are an integral part of these financial statements.
1. **Organization and Purpose**

Education for Employment (the “Organization” or “EFE”) is a nonprofit organization whose mission is to create employment opportunities for young people in the Middle East and North Africa (“MENA”) through career training in vocational, technical, managerial and professional skills. It derives its revenues primarily from contributions from individuals and from grants and contracts from private foundations, the federal government, and corporate partners.

The Organization works in collaboration with non-government organizations (“NGO”) in a variety of countries in the Middle East and Africa, by providing funding to support the local NGO’s programs. The NGOs are independent entities that are subject to external audit requirements unique to the countries in which they operate. The programs are described as follows:

**EFE Morocco**

The Moroccan Education for Employment Foundation (“EFE-Maroc”) was established in 2007 and to date has trained many youth on employability and job training and placement programs. In October 2019, EFE completed its fifth and final year as a major implementing partner in USAID’s Career Center project led by FHI360. EFE-Maroc continued its work with strategic partners Citi Foundation and Boeing. Both programs utilize Accenture’s Emplea+ platform to improve graduates’ digital skills and competencies. In November 2019, EFE launched the Advancing Local Labor Opportunities in Western Sahara (“ALLOWS”) project with the International Republican Institute (“IRI”), funded by the U.S. Department of State. Through this project, which runs through April 2021, EFE-Maroc will conduct job training academies for unemployed youth and women in Dakhla and Laayoune and link them with job opportunities.

**EFE Yemen**

Education for Employment-Yemen (“EFE-Yemen”) was founded in 2008 with the mission to connect Yemeni youth to jobs and income through private sector partnerships, market demand-driven training, and world-class curriculums delivered by dynamic local trainers. EFE-Yemen has trained many youth in its job placement and self-employment courses and including females in spite of a low Yemeni national average for female labor participation. In 2019, EFE-Yemen delivered job training and placement programming in the healthcare sector in Sana’a and Aden with the support of Catholic Relief Services.

**EFE Egypt**

Education for Employment-Egypt (“EFE-Egypt”) was established in July 2008 to address unemployment issues in Egypt. Accordingly, EFE-Egypt launched Job Training and Placement programs (“JTP”) in various sectors to support youth employment. Since inception, it has formed partnerships with a wide range of local and international organizations to deliver job placement training to unemployed Egyptian youth, including Boeing. 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, Business English, and a technical component. EFE-Egypt has also trained youth on its Career Directions job readiness and CV writing. In 2019, through EFE’s support EFE-Egypt partnered with NAMA and Boeing. EFE-Egypt witnessed growth of its programming through partnerships and was able to train more beneficiaries through its diverse programs and connecting more youth to the world of work.
1. Organization and Purpose (continued)

**EFE Jordan**

Education for Employment-Jordan (“EFE-Jordan”) was established in 2006 and has trained a significant number of youth in its job placement and entrepreneurship support programs. During 2019, EFE-Jordan continued the Training for Employment Activity (“TEA”) funded by USAID, providing training and job placements in hospitality, garment manufacturing, beauty, retail, and digital marketing. EFE-Jordan prioritized female inclusion in the workforce in 2019, targeting this population through the Youth Employment Services (YES) program supported by Alwaleed Philanthropies. EFE-Jordan also selected two young women alumni to serve as Women Ambassadors for a project with NAMA. Each ambassador received communication and public speaking training with individualized support in storytelling for international audiences.

**EFE Palestine**

Education for Employment-Palestine (“EFE-Palestine”) is a Palestinian civil society organization that provides demand-driven training for youth with limited opportunities. Founded in 2006 and operating in the West Bank, East Jerusalem and Gaza, EFE-Palestine partners with local businesses and universities to place youth in jobs and support young entrepreneurs. EFE-Palestine has connected youth to the world of work. In 2019, EFE-Palestine completed Year 2 of the “Improving the Livelihood of Youth in Gaza: Job Training, Entrepreneurship, and Pathways Programs” project funded by Islamic Relief USA. Youth participated in job training and placement programming, and many graduates were immediately placed in paid internships upon completion. Additional youth received entrepreneurship training as well as mentoring and business incubation support.

**EFE Tunisia**

Since its inception in 2012, Education for Employment Foundation-Tunisie (“EFE-Tunisie”) has connected youth to improved labor market outcomes through targeted trainings. EFE-Tunisie partners with public universities, government institutions, and private sector actors in order to develop tailored technical, soft skills, and entrepreneurship trainings across all of the regions of Tunisia. In 2019, EFE received a second supplemental grant from MEPI to expand its programming to southeastern Tunisia. Additionally, EFE-Tunisie, with prime implementer Chemonics and partner Pro-Invest, continued implementing its first contract under the five-year USAID/Tunisia Business Reform and Competitiveness Program II (“BRCP II”) project (later renamed “Jobs, Opportunities and Business Success” (“JOBS)). Under JOBS, EFE-Tunisie is working to improve the match between skills demanded by the labor market and the training provided by educational institutions with two primary activities: curricula reform, in collaboration with universities and the private sector, of target sectors; and capacity building of university career centers, which includes soft skills trainings to students, management training and governance support for career center staff, and job fairs and career days for students.
1. Organization and Purpose (continued)

**EFE-KSA**

Education for Employment-KSA (“EFE-KSA”) is an organization that provides skilled young talent to businesses in Saudi Arabia. EFE-KSA works in partnership with the private sector to develop practical training programs aligned with their workforce requirements, qualifying job-ready and retainable employees. For young people, EFE-KSA offers access to experienced instructors, employers and job opportunities. Guided by a private sector, EFE-KSA implements EFE’s market-driven model to create employment and economic opportunities for unemployed Saudi youth. Since its inception in late 2016, EFE-KSA has a mission to provide Saudi Youth with economic opportunity through its job Training and Placement programs (“JTP”). In 2017, EFE-KSA continued its project “Transitioning Saudi Youth to Employment project” with JP Morgan Chase Foundation to train youth and place into jobs in most demanded sectors, namely hospitality and retail. In 2018, EFE-KSA provided trainings to Saudi youth on Digital Skills for future funded by Accenture through EFE. In 2019, EFE-KSA trained many Saudi youth through its JTP program, Pathway to Job and the newly launched Digital Skills training for the future and successful partnership with Starbucks, Citi Foundation, Accenture and AG Fund.

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

2. Summary of Significant Accounting Policies

**Basis of Presentation**

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

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

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

**Use of Estimates**

The presentation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
2. Summary of Significant Accounting Policies (continued)

Cash

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

Government Contract, Grants and Pledges Receivable

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

Furniture and Equipment

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

Intangible Assets

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

Grants Payable

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

Deferred Rent

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

Recently Adopted Accounting Pronouncement

In June 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU has different effective dates for resource recipients and resource providers. The ASU was applicable for contributions and grants received by the Organization during the fiscal year ended December 31, 2019. The ASU will be applicable for resources provided by the Organization during the fiscal year ending December 31, 2020. The Organization adopted this amendment on a modified prospective basis. The adoption did not have a material impact on reported net assets as of January 1, 2019. The Organization is in the process of evaluating the impact of the ASU with respect to its providing resources.
2. **Summary of Significant Accounting Policies (continued)**

**Support and Revenue**

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

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

Under the terms of cost sharing and reimbursement agreements, government grants are recognized as revenue as expenses are incurred. Government contracts, which include subcontracts with other organizations who receive grants from federal agencies, are also recognized as revenue as expenses are incurred.

The Organization receives various types of in-kind support in the form of contributed services and other assets. Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills as provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received.

Interest income consists of interest earned on checking accounts and money market deposits.

**Functional Allocation of Expenses**

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

**Income Taxes**

The Organization operates as a tax-exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from federal income taxes. The Organization is also exempt from income taxes in the various states in which it is registered.
3. Availability and Liquidity

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

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$597,725</td>
</tr>
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</tr>
<tr>
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<td>746,400</td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td>501,248</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>10,416</td>
</tr>
</tbody>
</table>

Financial assets available to meet general expenditures, as defined below, within one year $2,174,720

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

4. Pledges Receivable

Pledges receivable in the amount of $501,248 at December 31, 2019 was to be receivable within one year or less from the date of the statement of financial position.

5. Grants Receivable

Grants receivable from government and non-government sources are stated at the amount management expects to collect on outstanding balances. Reimbursements for government grant expenditures are subject to government agency approval based on compliance with federal grant award provisions.

Grants receivable consisted of the following as of December 31, 2019:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government agencies</td>
<td>$89,815</td>
</tr>
<tr>
<td>Non-governmental sources</td>
<td>229,116</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$318,931</strong></td>
</tr>
</tbody>
</table>

As of December 31, 2019, the Organization has been awarded approximately $1,220,000 of grant commitments from non-government sources that are conditional on the progress of the programs being funded. These commitments will be recognized as support when the conditional barrier of the donors or grantors have been overcome by the Organization. In addition, the Organization has also been awarded approximately $7,850,000 of grant or subcontract commitments from federal government sources that are conditional on the Organization incurring budgeted expenditures subject to review and approval under specific government rules and regulations, including subgrants and subcontractor expenditures.
6. Furniture, Equipment and Intangible Assets

Furniture and equipment consisted of the following at December 31, 2019:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture</td>
<td>$9,312</td>
</tr>
<tr>
<td>Equipment</td>
<td>48,228</td>
</tr>
<tr>
<td>Total furniture and equipment</td>
<td>57,540</td>
</tr>
<tr>
<td>Less - accumulated depreciation</td>
<td>54,589</td>
</tr>
<tr>
<td></td>
<td>$2,951</td>
</tr>
</tbody>
</table>

Intangible assets consisted of the following at December 31, 2019:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer software</td>
<td>$224,220</td>
</tr>
<tr>
<td>Website development costs</td>
<td>109,000</td>
</tr>
<tr>
<td></td>
<td>333,220</td>
</tr>
<tr>
<td>Less - accumulated amortization</td>
<td>265,161</td>
</tr>
<tr>
<td></td>
<td>$68,059</td>
</tr>
</tbody>
</table>

Depreciation expense for the year ended December 31, 2019 was $3,292. Amortization expense for the year ended December 31, 2019 was $71,083.

Amortization of computer software and website development costs for the fiscal year ending December 31, 2020 are $34,750 and $33,309, respectively.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31, 2019:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Other programs in the MENA region</td>
<td>$710,281</td>
</tr>
<tr>
<td>Training for a Digital Future Project</td>
<td>649,448</td>
</tr>
<tr>
<td>Job training, entrepreneurship and Pathways Program in Palestine and Jordan</td>
<td>453,756</td>
</tr>
<tr>
<td>Medical Employment and Development in Yemen</td>
<td>107,417</td>
</tr>
<tr>
<td>Gulf program management</td>
<td>61,394</td>
</tr>
<tr>
<td>Platform for Success - Online</td>
<td>36,150</td>
</tr>
<tr>
<td>Work readiness blended online training program</td>
<td>25,000</td>
</tr>
<tr>
<td>Time restricted grant</td>
<td>23,914</td>
</tr>
<tr>
<td>Programming for the Future - Innovative projects alleviate unemployment</td>
<td>14,369</td>
</tr>
<tr>
<td>Women's entrepreneurship program</td>
<td>9,418</td>
</tr>
<tr>
<td>Innovative projects and initiatives</td>
<td>4,500</td>
</tr>
<tr>
<td></td>
<td>$2,095,647</td>
</tr>
</tbody>
</table>
7. Net Assets with Donor Restrictions (continued)

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other programs in the MENA region</td>
<td>$ 1,154,920</td>
</tr>
<tr>
<td>Job training, entrepreneurship and Pathways Program in Palestine and Jordan</td>
<td>$ 735,445</td>
</tr>
<tr>
<td>Women's entrepreneurship program</td>
<td>$ 190,849</td>
</tr>
<tr>
<td>Baseline and monitoring data for programatic reporting</td>
<td>$ 111,304</td>
</tr>
<tr>
<td>Medical Employment and Development in Yemen</td>
<td>$ 110,626</td>
</tr>
<tr>
<td>Training for a Digital Future Project</td>
<td>$ 110,552</td>
</tr>
<tr>
<td>Programming for the Future - Innovative projects alleviate unemployment</td>
<td>$ 93,233</td>
</tr>
<tr>
<td>Networking and learning meeting</td>
<td>$ 65,000</td>
</tr>
<tr>
<td>Gulf program management</td>
<td>$ 39,277</td>
</tr>
<tr>
<td>Platform for Success - Online</td>
<td>$ 39,221</td>
</tr>
<tr>
<td>Innovative Projects and Initiatives</td>
<td>$ 30,000</td>
</tr>
<tr>
<td>Time restricted grant</td>
<td>$ 22,316</td>
</tr>
<tr>
<td>Total</td>
<td>$ 2,702,743</td>
</tr>
</tbody>
</table>

8. In-Kind Contributions

The Organization received the following in-kind contributions during the year ended December 31, 2019:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal</td>
<td>$ 170,486</td>
</tr>
<tr>
<td>Accounting and other administrative services</td>
<td>$ 250,000</td>
</tr>
<tr>
<td>Consulting and marketing</td>
<td>$ 301,495</td>
</tr>
<tr>
<td>Total</td>
<td>$ 721,981</td>
</tr>
</tbody>
</table>

9. Lease Commitments

The Organization executed a lease for office space located in Washington D.C. through April 30, 2019. On March 26, 2019, the Organization entered into a new office lease agreement. The new lease provides for rent abatement during the initial six months of the lease term through October 2019. Thereafter, rent of $12,992 is payable monthly. Rent payments escalate over the term of the lease which expires on June 30, 2023. In May 2019, the Organization executed a lease agreement for branch office space located at the International Humanitarian City in Dubai, UAE through May 18, 2021. Rent expense for the year ended December 31, 2019 was $154,595. The Organization’s minimum future lease payment under its lease agreements in Washington D.C. and Dubai for the years ending December 31 are as follow:

<table>
<thead>
<tr>
<th>Year</th>
<th>Washington D.C.</th>
<th>Dubai</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$ 158,502</td>
<td>$ 3,395</td>
</tr>
<tr>
<td>2021</td>
<td>$ 162,465</td>
<td>-</td>
</tr>
<tr>
<td>2022</td>
<td>$ 166,525</td>
<td>-</td>
</tr>
<tr>
<td>2023</td>
<td>$ 84,643</td>
<td>-</td>
</tr>
</tbody>
</table>
10. Employee Retirement Plan

The Organization maintains a defined contribution retirement plan for eligible employees. The Organization’s contributions to the plan for the year ended December 31, 2019 were $73,649.

11. Related Party Transactions

The Organization receives support from the Founder and Chairman of the Board of the Organization. The Founder contributed $900,180 to the Organization during the year ended December 31, 2019.

In addition, the Founder’s company provided accounting and other administrative services to the Organization having a fair value of $250,000 without charge, for the year ended December 31, 2019.

12. Concentration Risks

The Organization has a concentration of credit risk in that it maintains deposits with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation. The maximum insurance amount is $250,000, which is applied per depositor, per insured depository institution for each account ownership category.

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

13. Line of Credit

The Organization had a revolving line of credit agreement with its bank permitting advances up to $300,000. Advances bore interest at the LIBOR rate plus 3%. The line of credit was secured and collateralized by the Organization’s furniture and equipment as well as its receivables. The line of credit expired on August 29, 2019, and the Organization did not renew it. The Organization did not draw from this line of credit during the year ended December 31, 2019.

14. Grant Commitments

In connection with certain conditional grant awards from non-government sources as disclosed in Note 5, the Organization is obligated to award up to approximately $1,700,000 in subrecipient grants, which is contingent on receipt of conditional funding, related costs being incurred by the subrecipients, and/or the attainment of performance indicators provided for in the subaward agreements. These commitments will be recognized as grants expense when the corresponding conditions/barriers are overcome.
15. Subsequent Event

The Organization’s management has evaluated the effect which subsequent events may have on these financial statements. Management’s evaluation was completed on July 31, 2020, the date these financial statements became available to be issued.

On March 11, 2019, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which could negatively impact the Organization’s contribution and grant support. The Organization received an approximately $242,000 loan under the Small Business Association’s (“SBA”) Paycheck Protection Program (“PPP”) in May 2020 which will be used to pay employees and certain other costs. The PPP loan principal maybe forgiven by the SBA if certain criteria are met. Other financial impact could occur although such potential impact is unknown at this time.

16. New Accounting Pronouncements Issued and Not Yet Adopted

Accounting pronouncements issued that may have a material impact on the presentation of the Organization’s financial statements and not yet adopted are as follows:

In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), and its subsequent amendment, which creates a single, comprehensive revenue recognition model for recognizing revenue from contracts with customers. This new revenue standard’s core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than were required under previously existing guidance, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation, among others. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization has elected to defer the adoption of the implementation of this ASU until the year ended December 31, 2020, as allowed.

A substantial portion of the Organization’s revenue relates to subcontracts with certain third-party entities funded by federal government agencies. Under the terms of these subcontract agreements, the Organization follow performance and monitoring criteria as set and stipulated and the Organization is compensated under the cost-reimbursement plus fixed fee basis. Management is currently in the process of evaluating the impact of the implementation of this ASU on its financial statements.

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

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

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 Education for Employment (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 31, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Education for Employment’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 Education for Employment’s internal control. Accordingly, we do not express an opinion on the effectiveness of Education for Employment’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 Education for Employment’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 the entity’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.

Edelstein & Company LLP

Boston, Massachusetts
July 31, 2020
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Education for Employment’s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Education for Employment’s major federal programs for the year ended December 31, 2019. Education for Employment’s major federal programs are 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 Education for Employment’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 Education for Employment’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 Education for Employment’s compliance.

Opinion on Each Major Federal Program

In our opinion, Education for Employment complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.
Report on Internal Control over Compliance

Management of Education for Employment 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 Education for Employment’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 the 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 Education for Employment’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 Education for Employment as of and for the year ended December 31, 2019, and have issued our report thereon dated July 31, 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 expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Edelstein & Company LLP

Boston, Massachusetts
September 30, 2020
EDUCATION FOR EMPLOYMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – NOT-FOR-PROFIT ORGANIZATIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

<table>
<thead>
<tr>
<th>Federal Grantor/Program or Cluster Title</th>
<th>Federal CFDA Number</th>
<th>Pass-Through Entity</th>
<th>Pass-Through Award Identifying Number</th>
<th>Federal Expenditures</th>
<th>Expenditures to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Department of State:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle East Partnership Initiative - Increasing Employment in the MENA Region - Algeria</td>
<td>19.500</td>
<td>N/A</td>
<td>N/A</td>
<td>$570,288</td>
<td>$494,506</td>
</tr>
<tr>
<td>Bureau of Near Eastern Affairs (NEA) - Supporting Job Creation for Young Tunisians from Marginalized Communities</td>
<td>19.600</td>
<td>N/A</td>
<td>N/A</td>
<td>$520,148</td>
<td>$385,903</td>
</tr>
</tbody>
</table>

TOTAL: $1,090,436 $880,409

NOTE 1: Basis of Presentation

The schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Education for Employment under programs of the federal government for the year ended December 31, 2019. The information in the 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 Education for Employment, it is not intended to and does not present the financial position, changes in net assets or cash flows of Education for Employment.

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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Education for Employment has not elected to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.
Financial Statements
Type of auditor’s report issued: Unmodified

Internal Control Over Financial Reporting
Material weakness(es) identified? No
Significant deficiency(ies) identified that are not considered to be material weaknesses? No
Noncompliance material to financial statements noted? No

Major Federal Award Programs
Material weakness(es) identified? No
Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Type of report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Identification of major programs:

<table>
<thead>
<tr>
<th>Federal CFDA/ Subaward Identifying Number</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>19.500</td>
<td>Department of State: Middle East Partnership Initiative</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between type A and type B programs: $750,000

Education for Employment qualified as a low-risk auditee.