

America-Mideast Educational and Training Services, Inc.

Uniform Guidance
Supplementary Financial Report
Year Ended September 30, 2020

Contents

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 <i>Government Auditing Standards</i>	1-2
Independent auditor's 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	3-4
Schedule of expenditures of federal awards	5-8
Notes to the schedule of expenditures of federal awards	9
Schedule of findings and questioned costs	10
Summary schedule of prior audit findings	11



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, 2020, 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 February 22, 2021.

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) as a basis for designing 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 financial statements. 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.
February 22, 2021



RSM US LLP

**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, 2020. 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, 2020.

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 compliance 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 a 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, 2020, and have issued our report thereon dated February 22, 2021, 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.
February 22, 2021

America-Mideast Educational and Training Services, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020**

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	\$ 7,815	\$ -
Higher Education Initiative (HEI)-Public University Egypt		10001	AID-263-A-15-00018	6,321,316	214,960
Education for the Future (EFT)		10147	AID-294-A-17-00006	(146)	-
Passed through:					
Quality Instruction Towards Access and Basic Education					
Improvement (QITABI)		40201	AID-268-A-14-00003	(69)	-
Lotus Scholarship Program		40217	AID-363-A-15-00020	12,064	-
Institute for International Education (IIE):					
Local Scholarship Program Summer Intensive Program		40701	AID-263-A-15-00020	21,117	-
Total United States Agency for International Development				6,362,097	214,960
United States Department of State					
Investing in People in the Middle East and North Africa:	19.021				
Direct award:					
GazaEdUSA Scholar 2020		21005	S-IS-500-20-GR-0005	1,414	-
Distance Advise Libya FY20		21007	S-LY-800-20-GR-0001	28,255	-
English for Mission Contacts (EFMC) Program		21112	S-IZ--100-15-CA027	134,475	75,310
Al Azhar Darrassa Project		21117	SFG300-15-GR-058	(3)	-
TOEFL for Fulb Iraq 2016		21118	S-IZ--100-16-GR005	(319)	-
Iraq Fulbright Visiting Scholar		21119	S-IZ-100-18-GR-0014	324,435	260,415
American Corner (AC) Sous		21120	S-TS-800-18-GR-0023	6,960	-
Amer. English Scholars Program		21121	S-IS-400-18-GR-0024	32,999	-
Field Office Grants-Testing		21227	Various	6,186	-
American Corner TUNIS FY2016		21231	S-TS-800-16-GR-042	1,750	-
USDOS/Additional Field Office Grants		21282	Various	(358)	-
US Embassy Grants-Training		21303	Various	692	-
US Embassy Cairo - ACCESS Pipeline		21317	S-EG-300-13-GR-038	196	-
American House Ramallah Jerusalem 17		21862	S-I400-16-CA-0041	211	-
English Language Resource Ctr Faculty Training 2 Program		21892	S-EG-300-16-GR-050	17	-
Camp Discovery Tunisia		21909	S-TS-800-17-GR-0063	66	-
Fulbright ITP Testing		21913	S-IZ-100-17-GR-031	4	-
Access for Mosul Internally Displaced Persons Program		21915	S-IZ-100-17-GR-020	41	-
Skills for Success Libya		21916	S-LY800-17-GR-001	9,625	-
Am Corner Sousse FY17		21920	S-TS-800-17-GR-0077	355	-
Am Corner Tunis FY17		21921	S-TS-800-17-GR-0078	867	-
Libya PCELT 2018		21922	S-LY800-17-GR-004	48,411	35,528
AH Ramallah-Jerusalem 18		21924	S-IS400-17-GR-0051	212	-
English After School		21925	S-YE-700-17-GR-001	102,647	-
Amer Corners-Iraq		21935	S-IZ-100-18-CA-006	30,612	-
American Corner Tuni 2018		21947	S-TS-800-18-GR-0026	32,830	-
Skills for Success 2		21948	S-LY-800-18-GR-002	59,673	-
Access Alumni Conference		21951	S-JO-100-18-GR-093	(2,469)	-
Camp Discovery Gafsa		21953	S-TS-800-18-GR-0024	3,224	-
America House FY19		21954	S-IS-400-18-GR-0043	40,986	-
Space Camp Libya		21956	S-LY800-18-GR-004	8,922	-
ELRC		21957	S-EG-300-18-GR-0054	(18)	-
English Prg Garbage City		21960	S-EG-300-18-GR-0073	12,198	-

America-Mideast Educational and Training Services, Inc.

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2020**

Federal Grantor/Program Title/Grant Name	Federal	AMIDEAST	Grant/Contract Number	Federal Expenditures	Amount Provided to Subrecipients
	CFDA Number	Project Number			
Amer Corners Tunis FY19		21974	S-TS-800-19-GR-0068	\$ 17,284	\$ -
AC Sousse FY 19		21975	S-TS-800-19-GR-0069	7,104	-
American House FY20		21984	S-IS-400-19-GR-0068	257,735	-
Access Alumni Program		21985	S-IS-400-19-GR-0074	7,532	-
Aspire Internship Training Program		21986	S-YE-700-19-GR-0002	48,001	-
Rural Teacher Training Program		21988	S-YE-700-19-GR-0003	25,253	-
WB TechCamp Program FY20		21989	S-IS-400-19-GR-0067	41,795	-
Alumni Devel Workshop2020		21990	S-IS-400-19-GR-0065	134	-
Iraq Visiting Scholar Program		21992	S-IZ-100-19-GR-0030	105,676	-
ELRC Grant 2019		21994	S-EG-300-19-CA-0098	143,312	-
PCELT/EduUSA FY18		21995	S-JO-100-19-CA-0105	5,187	-
Fulb Visiting 10th Anniversary		21998	S-LZ-100-19-GR-0051	12,291	-
Today Lead Tom Entrepn		21999	S-IS-400-19-GR-0054	1,492	-
Total 19.012				1,575,091	371,253
Educational and Cultural Exchange Programs					
Appropriation Overseas Gants:					
Direct award:	19.022				
EdUSA FY17 Support Tunisia		21914	S-TS-800-17-GR-0055	\$ 501	\$ -
Total 19.022				501	-
Public Diplomacy Programs:					
Direct award:	19.040				
America Corner Ren - Alex Project		21008	S-EG-300-20-GR-0014	22,683	-
PCELT		21929	S-MO-550-17-GR-0097	5,726	1,651
Youth Exchange and Study Alumni Seminar		21932	S-MO-550-17-GR-0091	56	-
Inspire Grant Award		21950	S-JO-100-18-GR-074	78,340	-
ACCESS FY16 II		40219	S-JO-100-17-GR-058	14	-
ACCESS FY16 III		40220	S-JO-100-17-GR-067	31	-
Total 19.040				106,850	1,651
Education Exchange – Graduate Students:					
Direct award:	19.400				
Fulbright FY16		20202	S-ECAGD-16-CA-1002	11,821	-
Fulbright FY17		20206	S-ECAGD-17-CA-1009	26,174	-
Fulbright FY18		20215	S-ECAGD-18-CA-1004	1,287,418	-
Fulbright FY20		20219	S-ECAGD-20-CA-0007	3,909,329	-
Fulbright FY21		20220		9,188	-
Fulbright FY12		20226	S-ECAAE-12-CA-006	(1,194)	-
Fulbright FY14		20316	S-ECAGD-14-CA-1016	(116)	-
Fulbright FY15		20319	S-ECAGD-15-CA-1019	245,278	-
Fulbright FY19		20320	S-ACAGD-19-CA-0034	3,233,635	188,292
US Embassy Iraq - Iraq Service Fell		21867	S-LZ-100-08-GR-024	22,188	-
Fulbright Libya Travel		21976	S-LY-800-19-GR-0006	15,752	-
Total 19.400				8,759,473	188,292
Academic Exchange Programs - Teachers:					
Passed through:	19.408				
American Councils for International Education:					
Teachers of Critical Languages Program (TCLP)		40007	S-ECAGD-20-CA-0004	10,445	-
Teachers of Critical Languages Program (TCLP)		40666	S-ECAGD-19-CA-0035	(2)	-

Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2020

Federal Grantor/Program Title/Grant Name	Federal AMIDEAST		Grant/Contract Number	Federal Expenditures	Amount Provided to Subrecipients
	CFDA Number	Project Number			
Professional and Cultural Exchange Programs – Citizen Exchanges:	19.415				
Passed through:					
American Councils for International Education:					
KSA Youth Exchange and Study FY17		40001	S-ECAGD-17-CA-1074	972	-
Youth Exchange and Study FY14		40204	S-ECAGD-15-CA-1113	90	-
Youth Exchange and Study FY15		40207	S-ECAGD-16-CA-1116	36,652	-
National Security Language Initiative for Youth (NSLI) 17-18		40208	S-ECAGD-16-CA-1077	9,996	-
Youth Exchange and Study AY18-19 Inbound		40213	S-ECAGD-17-CA-1074	119,337	-
Youth Exchange and Study 19-20		40223	S-ECAGD-18-CA-0044	638,514	-
Youth Exchange and Study 20-21		40225	S-ECAGD-19-CA-0101	728,525	-
Youth Exchange and Study FY20-23		40228	S-ECAGD-20-CA-0035	38,186	-
National Security Language Initiative for Youth (NSLI) 20-21		40604	S-ECAGD-19-CA-0054	128,930	-
National Security Language Initiative for Youth (NSLI) 18-19		40705	S-ECAGD-17-CA-1053	(6,159)	-
National Security Language Initiative for Youth (NSLI) 19-20		40707	S-ECAGD-18-CA-1041	314,256	-
Total 19.415				<u>2,009,299</u>	<u>-</u>
Academic Exchange Programs – English Language Programs:	19.421				
Direct award:					
Key Influence Scholar 2018		21946	S-TS-800-18-GR-0012	117	-
English Language Olympics 2020		21006	S-JO-100-20-GR-0029	118	-
Passed through:					
FHI360:					
Access FY17		40003	S-ECAGD-17-CA-1065	1,562,779	-
Access Hurgh Teacher Training FY15		40004	S-ECAGD-15-CA-1130	2,704	-
Access Grad FY16 Egypt		40008	S-ECAGD-16-CA-1115	37,599	-
Access FY15		40209	S-ECAGD-15CA-1130	(3,013)	-
Access FY16		40212	S-ECAGD-15CA-1130	183,217	2,000
Access IT Teacher Training FY14		40215	S-ECAGD-14-CA-1167	166	-
Access FY18		40227	S-ECAGD-18-CA-0067	29,077	-
Access FY14		40686	S-ECAGD-14-CA-1167	1,721	-
Access FY13		40698	S-ECAGD-13-CA-180	(6,231)	-
English Access Microscholar		40710	S-ECAGD-14-CA-1167	19	-
Total 19.421				<u>1,808,273</u>	<u>2,000</u>
Academic Exchange Programs –	19.432				
Educational Advising and Student Services:					
Direct award:					
FY16 Advising Grant		20303	S-ECAGD-16-CA-1013	(1)	-
Education USA FY19-21		20322	S-ECAGD-19-CA-0032	861,841	-
Total 19.432				<u>861,840</u>	<u>-</u>
Middle East Partnership Initiative:	19.500				
Direct award:					
Abe Lincoln II		20786	S-NEAAC-17-GR-1041	3,103	-
Total 19.500				<u>3,103</u>	<u>-</u>
Bureau of Near Eastern Affairs:					
Direct award:	19.600				
Skills for Tomorrow Libya		20201	S-NEAAC-19-GR-0058	386,686	164,520
Tomorrows Leaders VII		20213	S-NEAAC-17-CA-1029	553,381	-
Nahdhat Shabab Yemen Program		20785	S-NEAAC-17-GR-1026	531,266	-
Passed through:					
Georgetown University Capstone Seminar		40002	S-NEAAC-17-CA-1016	2,010	-
Total 19.600				<u>1,473,343</u>	<u>164,520</u>

(Continued)

America-Mideast Educational and Training Services, Inc.

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2020**

Federal Grantor/Program Title/Grant Name	Federal CFDA Number	AMIDEAST Project Number	Grant/Contract Number	Federal Expenditures	Amount Provided to Subrecipients
Global Counterterrorism Programs:					
Direct award:	19.701				
BLADI		20323	S-LMAQM-18-CA-2032	207,456	39,874
Total 19.701				207,456	39,874
Total United States Department of State				16,815,672	767,590
Small Business Administration					
Disaster Assistance Loans (Note 4):	59.008				
Direct award:					
COVID-19: Disaster Assistance Loans				150,000	-
Total United States Department of State				150,000	-
Total expenditures of federal awards				\$ 23,327,769	\$ 982,550

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, 2020. 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.

Note 4. Disaster Assistance Loans

In June 2020, AMIDEAST obtained \$150,000 from the SBA as a loan under the Economic Injury Disaster Loans program to fund working capital. The loan is secured by AMIDEAST's assets and bears interest at 2.75%. It matures in 30 years, and there is no pre-payment penalty or fees. Installment payments, including principal and interest, of \$641 monthly, will begin on June 24, 2021.

America-Mideast Educational and Training Services, Inc.

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2020**

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:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Numbers(s)</u>
Professional and Cultural Exchange Program – Citizen Exchanges	19.415
Academic Exchange Programs – English Language Programs	19.421
Academic Exchange Programs – Educational Advising and Student Services	19.432
Global Counterterrorism Programs	19.701

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

\$ 750,000

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, 2020**

There were no findings reported for the year ended September 30, 2019.

America-Mideast Educational and Training Services, Inc.

Financial Report
September 30, 2020

Contents

Independent auditor's report	1-2
<hr/>	
Financial statements	
Statement of financial position	3
Statement of activities	4
Statement of functional expenses	5
Statement of cash flows	6
Notes to financial statements	7-18



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, 2020, 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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited AMIDEAST's 2019 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 17, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, 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 February 22, 2021, 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.
February 22, 2021

America-Mideast Educational and Training Services, Inc.

**Statement of Financial Position
September 30, 2020
(With Comparative Totals for 2019)**

	2020	2019
Assets		
Cash and cash equivalents	\$ 7,411,517	\$ 4,230,012
Receivables, net	7,048,062	8,486,679
Promises to give, net	115,000	167,500
Prepaid expenses and other	1,469,144	1,655,594
Inventory, net	887,968	710,806
Investments	15,013,814	16,601,444
Property and equipment, net	3,499,207	1,572,928
	<u>\$ 35,444,712</u>	<u>\$ 33,424,963</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 4,080,862	\$ 4,474,099
Accrued expenses	2,392,089	2,633,022
Severance payable	2,379,198	2,119,449
Deferred revenue	6,206,153	4,582,125
Loans payable	1,444,600	-
Line of credit	2,950,000	-
Capital lease obligations	198,690	283,026
Deferred rent	1,384,434	1,529,844
	<u>21,036,026</u>	<u>15,621,565</u>
Commitments and contingencies (Notes 13 and 14)		
Net assets:		
Without donor restrictions:		
Undesignated (deficit)	(6,317)	3,195,931
Board reserves	12,803,553	12,799,333
	<u>12,797,236</u>	<u>15,995,264</u>
With donor restrictions	1,611,450	1,808,134
	<u>14,408,686</u>	<u>17,803,398</u>
	<u>\$ 35,444,712</u>	<u>\$ 33,424,963</u>

See notes to financial statements.

America-Mideast Educational and Training Services, Inc.

Statement of Activities

Year Ended September 30, 2020

(With Comparative Totals for 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Grants and other agreements	\$ 36,041,721	\$ -	\$ 36,041,721	\$ 42,627,408
Fees for services	12,138,764	-	12,138,764	18,300,944
Contributions	-	1,091,691	1,091,691	1,868,803
Investment income, net	906,681	-	906,681	941,261
Other	19,528	-	19,528	30,489
Net assets released from restrictions	1,288,375	(1,288,375)	-	-
Total support and revenue	50,395,069	(196,684)	50,198,385	63,768,905
Expenses:				
Program services:				
Field offices	25,748,794	-	25,748,794	34,932,815
Exchange programs	15,282,946	-	15,282,946	14,294,195
Other programs	1,518,047	-	1,518,047	1,351,904
Total program services	42,549,787	-	42,549,787	50,578,914
Supporting services	11,043,310	-	11,043,310	12,233,203
Total expenses	53,593,097	-	53,593,097	62,812,117
Change in net assets	(3,198,028)	(196,684)	(3,394,712)	956,788
Net assets:				
Beginning	15,995,264	1,808,134	17,803,398	16,846,610
Ending	\$ 12,797,236	\$ 1,611,450	\$ 14,408,686	\$ 17,803,398

See notes to financial statements.

America-Mideast Educational and Training Services, Inc.

**Statement of Functional Expenses
Year Ended September 30, 2020
(With Comparative Totals for 2019)**

	Program Services			Total Program Services	Supporting Services	2020 Total
	Field Offices	Exchange Programs	Other Programs		General and Administrative	
Salaries	\$ 5,600,929	\$ 1,412,438	\$ 704,584	\$ 7,717,951	\$ 6,417,515	\$ 14,135,466
Benefits	1,641,800	384,737	191,428	2,217,965	1,816,548	4,034,513
Total salaries and benefits	7,242,729	1,797,175	896,012	9,935,916	8,234,063	18,169,979
Participant and student	4,745,973	12,585,314	106,211	17,437,498	-	17,437,498
Occupancy	3,272,878	192,486	162,872	3,628,236	501,866	4,130,102
Consulting and professional services	3,077,731	30,580	40,389	3,148,700	715,257	3,863,957
Other pass through	2,859,012	-	25,746	2,884,758	-	2,884,758
Miscellaneous	1,050,929	22,905	148,455	1,222,289	719,688	1,941,977
Office expense	890,055	81,538	51,564	1,023,157	214,335	1,237,492
Subcontracts and subagreements	638,588	448,707	-	1,087,295	-	1,087,295
Furniture, equipment and software	893,977	3,869	3,470	901,316	10,043	911,359
Travel	340,153	27,935	33,346	401,434	182,724	584,158
Depreciation and amortization	234,953	48,180	40,768	323,901	125,620	449,521
Telecommunications	124,155	8,396	4,781	137,332	254,528	391,860
Printing, postage and delivery	197,298	24,996	(3,344)	218,950	57,181	276,131
Conferences and meetings	180,363	10,865	7,777	199,005	28,005	227,010
Total other expenses	18,506,065	13,485,771	622,035	32,613,871	2,809,247	35,423,118
Total	\$ 25,748,794	\$ 15,282,946	\$ 1,518,047	\$ 42,549,787	\$ 11,043,310	\$ 53,593,097

See notes to financial statements.

America-Mideast Educational and Training Services, Inc.

Statement of Cash Flows
Year Ended September 30, 2020
(With Comparative Totals for 2019)

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (3,394,712)	\$ 956,788
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	449,522	410,077
(Gain) loss on asset disposal	(23,071)	11,656
Unrealized and realized gains on investments, net	(557,348)	(615,434)
Increase (decrease) in allowance for inventory obsolescence	36,973	(48,998)
Increase in provision for doubtful accounts	179,310	310,661
Deferred rent	(145,410)	(123,301)
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	1,259,307	106,067
Promises to give	52,500	(167,500)
Prepaid expenses and other	186,450	282,697
Inventory	(214,135)	(154,784)
Increase (decrease) in:		
Accounts payable	(393,237)	4,796
Accrued expenses	(240,933)	64,496
Severance payable	259,749	(247,585)
Deferred revenue	1,624,028	351,470
Net cash (used in) provided by operating activities	(921,007)	1,141,106
Cash flows from investing activities:		
Purchases of investments	(5,226,734)	(6,924,937)
Proceeds from sale of investments	7,371,712	7,047,401
Proceeds from asset disposal	29,556	-
Purchases of property and equipment	(2,382,286)	(210,512)
Net cash used in investing activities	(207,752)	(88,048)
Cash flows from financing activities:		
Borrowings on line of credit	3,668,514	-
Repayments against line of credit	(718,514)	-
Loan borrowings	1,444,600	-
Principal payments under capital lease obligations	(84,336)	(99,130)
Net cash provided by (used in) financing activities	4,310,264	(99,130)
Net increase in cash and cash equivalents	3,181,505	953,928
Cash and cash equivalents:		
Beginning	4,230,012	3,276,084
Ending	\$ 7,411,517	\$ 4,230,012
Supplemental disclosures of cash flow information:		
Cash payments for interest	\$ 35,515	\$ 13,022
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 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 nor 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 \$3.7 million of cash and cash equivalents held at financial institutions in foreign countries at September 30, 2020.

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 \$1,836,573 at September 30, 2020, which is included in cash and cash equivalents.

Reimbursable expenditures under contracts and grants and receivables: Grants and other agreements receivables are generated from prime and sub-recipient 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 grants and other agreements represent unbilled recoverable costs incurred and where applicable, accrued fixed fees related to grants and other agreements 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, 2020, was \$940,371.

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, 2020, was \$204,228.

Investments: Investments with readily determinable fair values are reflected at fair value. To adjust the carrying values of these investments, the change in fair 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 thirty-nine 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.

Contributions grants and contracts: Unconditional contributions received are recorded as revenue without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted revenue and support is reported as an increase to net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose of 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.

Unconditional contributions are recognized as revenue or gains in the period received and as assets, or as decreases of liabilities or expenses, depending on the form of the benefits received. Conditional contributions are recognized when the conditions on which they depend are substantially met.

Conditional government and private grants and contracts revenue is recognized as costs qualified under the grants are incurred. Conditional grant funds received in excess of allowable grant costs incurred are recorded as refundable advances until earned. Allowable grant costs incurred in excess of grant funds received are recorded as receivables.

Fee for service: 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.

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, occupancy and depreciation are allocated based on approved indirect rates.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles 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.

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

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

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, 2020; 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 2017.

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, 2019, from which the summarized information was derived.

Partially adopted accounting pronouncement: In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)* to clarify the accounting guidance for contributions received and contributions made. The amendments provide assistance to entities in: (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Nonprofit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Differences in these conclusions affect the timing of revenue recognized. Unconditional contributions are recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions. When barriers to entitlement are overcome, conditional contributions are recognized as unconditional and classified as either net assets with restrictions or net assets without restriction. Cash received from a conditional contribution prior to overcoming a barrier is recorded as a refundable advance liability and cash asset.

When AMIDEAST is the resource provider, the pronouncement will be effective for the year ending September 30, 2021. Where AMIDEAST is a resource recipient, the ASU is applicable to contributions received for year ended September 30, 2020, and AMIDEAST has adopted this amendment. As a result, revenue recognition was changed for agreements not completed or entered after October 1, 2019. Previously, management determined whether a contribution was conditional based on the likelihood of failing to meet a condition. AMIDEAST considered a promise to give that had right of return of assets clause in the grant agreement as conditional and revenue was recognized when the expenses were incurred. Payments made in advance of the expenses incurred were recorded as a refundable advance liability. Expenses incurred that were more than the cash payments received from the donor resulted in an account receivable. With adoption of this updated standard, a contribution is considered conditional on the basis of whether an agreement includes a barrier that must be overcome and the barrier is linked to either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The presence of both a barrier and a right of return or a right of release indicates that a recipient is not entitled to the transferred assets or a future transfer of assets until it has overcome the barrier(s) in the agreement. This had no effect on the total revenue recognized for the year ended September 30, 2020. Program restricted revenue that would have previously been considered conditional continued to meet the definition of conditional revenue and is not recognized until barriers are overcome.

The modified prospective method was elected for the transitions and, therefore, there is no cumulative effect adjustment to opening net assets at the beginning of the year.

Management is evaluating the impact of this ASU when AMIDEAST is the resource provider.

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

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

Pending accounting pronouncements: In May 2014, the FASB issued ASU 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 accounting principles generally accepted in the United States of America (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, 2017. In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2014-09 by one year, making it effective for annual reporting periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2019. AMIDEAST has not yet selected a transition method and is currently evaluating the effect that the update will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. AMIDEAST is currently evaluating the impact of its pending adoption of the new standard on the financial statements.

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.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities with contributed nonfinancial assets, or gifts-in-kind. The amendments in this ASU should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. AMIDEAST is currently evaluating the impact of the pending adoption of this new standard on its financial statements.

Subsequent events: AMIDEAST evaluated subsequent events through February 22, 2021, which is the date the financial statements were available to be issued.

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 \$12,803,553 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.

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, 2020:

Cash and cash equivalents	\$ 7,411,517
Receivables, net	7,048,062
Promises to give, net	115,000
Investments	15,013,814
Total financial assets	<u>29,588,393</u>
Less: Net assets with donor restrictions	1,611,450
Less: Board reserves net assets	12,803,553
Less: Promises to give, net due after one year	<u>62,500</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 15,110,890</u></u>

Note 3. Receivables

Receivables at September 30, 2020, consist of the following:

Reimbursable expenditures under grants and other agreements	\$ 4,634,693
Billings under grants and other agreements	1,838,736
Field office fee for service	986,280
Testing service	442,692
Staff/vendors	84,298
Other	1,734
	<u>7,988,433</u>
Less provision for doubtful accounts	<u>940,371</u>
	<u><u>\$ 7,048,062</u></u>

At September 30, 2020, there was \$ 52,501,861 of unrecognized conditional amounts due to AMIDEAST from conditional grants. All payments received in advance of the condition being satisfied are recorded as a refundable advance on the accompanying statement of financial position.

Note 4. Investments

Investments at September 30, 2020, consist of the following:

Common stock	\$ 6,787,653
Money market	5,258,102
Corporate bonds	251,982
Government securities	1,881,989
Mutual funds	834,088
	<u>\$ 15,013,814</u>

The investments detailed above include \$12,803,553 of board reserves (Note 9).

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 4. Investments (Continued)

Investment income for the year ended September 30, 2020, consists of the following:

Unrealized and realized gains, net	\$ 557,348
Interest and dividends	411,380
Investment fees	(62,047)
	<u>\$ 906,681</u>

Note 5. Property and Equipment

Property and equipment and accumulated depreciation at September 30, 2020, and depreciation expense for the year ended September 30, 2020, are as follows:

Asset Category	Estimated Useful Lives	Cost	Accumulated Depreciation	Net	Depreciation and Amortization Expense
Building	39 years	\$ 2,137,270	\$ 37,609	\$ 2,099,661	\$ 37,640
Capital lease	Life of lease	278,868	79,013	199,855	55,774
Furniture and equipment	3-10 years	941,129	653,099	288,030	145,045
Leasehold improvements	Life of lease	2,562,165	1,650,504	911,661	211,063
		<u>\$ 5,919,432</u>	<u>\$ 2,420,225</u>	<u>\$ 3,499,207</u>	<u>\$ 449,522</u>

Note 6. Debt

Line of credit: AMIDEAST has a \$3,000,000 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% (1.27% at September 30, 2020) and is secured by AMIDEAST's investment portfolio assets. At September 30, 2020, the line of credit outstanding was \$2,950,000.

Loans payable: In May 2020, AMIDEAST participated in the Paycheck Protection Program (PPP) under the CARES Act and secured financing through a financial institution for \$1,284,600 at 1.00% interest. The loan matures on May 6, 2022. Payments of principal and interest are required every 6 months starting on the date that the Small Business Administration (SBA) remits AMIDEAST's loan forgiveness amount to the lender, which is due within 90 days after the lender issues its loan forgiveness decision to the SBA, subject to any SBA review of AMIDEAST's PPP loan. The loan is guaranteed by the SBA. The loan qualifies for 100% forgiveness if certain criteria are met. In November 2020, AMIDEAST filed its loan forgiveness application. The lender accepted the application and issued its loan forgiveness decision to the SBA on January 4, 2021. The SBA's decision has not been received as of the date of this report. However, AMIDEAST believes that the criteria for forgiveness will be met, and the loan will be forgiven in full.

If forgiveness will not be received, AMIDEAST will be required to repay the loan as follows:

Years ending September 30:	
2021	\$ 417,581
2022	867,019
	<u>\$ 1,284,600</u>

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 6. Debt (Continued)

In May 2020, AMIDEAST received \$10,000 from the SBA as an advance under the Economic Injury Disaster Loans (EIDL) program. Under the CARES Act, AMIDEAST was required to repay the advance if the PPP loan is forgiven. However, this requirement was rescinded by the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (December 2020 Stimulus Package), enacted December 27, 2020. Thus, the EIDL advance has been forgiven when the December 2020 Stimulus Package was signed into law.

In June 2020, AMIDEAST obtained \$150,000 from the SBA as a loan under the EIDL program to fund working capital. The loan is secured by AMIDEAST's assets and bears interest at 2.75%. It matures in 30 years, and there is no pre-payment penalty or fees. Installment payments, including principal and interest, of \$641 monthly, will begin on June 24, 2021.

Note 7. Accrued Expenses

Accrued expenses at September 30, 2020, consist of the following:

Vacation	\$ 1,075,625
Payroll benefits	475,625
Partner's profit share	288,359
Rent payments	171,395
Other	381,085
	<u>\$ 2,392,089</u>

Note 8. Capital Lease

Capital leases at September 30, 2020, consist of one copier. Future minimum rental payments on the lease are as follows:

Years ending September 30:	
2021	\$ 63,922
2022	63,922
2023	63,922
2024	26,634
	<u>218,400</u>
Less interest	(19,710)
	<u>\$ 198,690</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	<u>\$ 12,799,333</u>
Designations	<u>(754,194)</u>
Investment return:	
Investment income, net of fees	259,407
Net realized and unrealized gain	499,007
Total investment income	<u>758,414</u>
Board reserve net assets, end of year	<u><u>\$ 12,803,553</u></u>

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.

Note 10. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions during the year ended September 30, 2020, were as follows:

	Balance September 30, 2019		Restricted Pledge Payments Released		Balance September 30, 2020
Purpose restricted:					
Arab Heritage Fund	\$ 1,333,061	\$ -	\$ -	\$ 68,218	\$ 1,264,843
Hope Fund	103,515	247,371	27,500	363,940	14,446
Diana Kamal Scholarship Fund	76,563	242,267	25,000	250,281	93,549
Kyalil Grant	65,205	-	-	-	65,205
Barja	52,290	-	-	8,079	44,211
Higher Education Initiative Cost Share	-	443,230	-	432,174	11,056
Lincoln program	10,000	-	-	6,860	3,140
Chevron	-	92,823	-	92,823	-
Entrepreneur Institute Courses	-	65,000	-	65,000	-
Yemen ELT Public	-	1,000	-	1,000	-
	<u>1,640,634</u>	<u>1,091,691</u>	<u>52,500</u>	<u>1,288,375</u>	<u>1,496,450</u>
Time restricted:					
Hope Fund	167,500	-	(52,500)	-	115,000
	<u>\$ 1,808,134</u>	<u>\$ 1,091,691</u>	<u>\$ -</u>	<u>\$ 1,288,375</u>	<u>\$ 1,611,450</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, 2020, were \$296,444.

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, 2020.

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	\$ 5,258,102	\$ 5,258,102	\$ -	\$ -
Common stock:				
Financial services	1,856,928	1,856,928	-	-
Communication services	1,673,168	1,673,168	-	-
Consumer goods	1,120,377	1,120,377	-	-
Technology	1,018,912	1,018,912	-	-
Healthcare	578,920	578,920	-	-
Real estate	378,788	378,788	-	-
Energy	160,560	160,560	-	-
Bonds:				
Corporate bonds	251,982	-	251,982	-
Government securities	1,881,989	-	1,881,989	-
Mutual funds:				
Commodities precious metals	318,816	318,816	-	-
Equity energy	203,660	203,660	-	-
Europe stock	178,262	178,262	-	-
Inflation-protected bond	133,350	133,350	-	-
	<u>\$ 15,013,814</u>	<u>\$ 12,879,843</u>	<u>\$ 2,133,971</u>	<u>\$ -</u>

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 12. Fair Value Measurements (Continued)

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.

Note 13. Commitments

Educational Testing Services: AMIDEAST has entered into an agreement with Educational Testing Services (ETS) to sell and administer certain ETS tests in foreign countries through November 30, 2021. Under the agreement, AMIDEAST is required to purchase minimum testing units annually through 2021.

Future minimum testing purchase requirements are as follows:

Years ending September 30:	
2021	\$ 951,121
2022	190,224
	<u>\$ 1,141,345</u>

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 provided for a tenant improvement allowance of \$1,428,280. A deferred rent liability of \$1,384,434 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, 2020, was \$3,469,079. In addition, lessors waived rent payments that totaled \$247,356 due to the COVID-19 outbreak that started in 2020.

Future minimum rental payments on the leases are as follows:

Years ending September 30:	Headquarters	Field Offices	Total
2021	\$ 933,612	\$ 1,056,440	\$ 1,990,052
2022	970,244	428,784	1,399,028
2023	994,501	377,756	1,372,257
2024	1,019,363	397,755	1,417,118
2025	1,044,847	262,281	1,307,128
2026	798,237	211,451	1,009,688
	<u>\$ 5,760,804</u>	<u>\$ 2,734,467</u>	<u>\$ 8,495,271</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.

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 14. Contingencies (Continued)

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.

Management has concluded that the continuing COVID-19 outbreak may have a significant impact on AMIDEAST in general, but the full potential impact on AMIDEAST is not currently measurable. Due to the level of risk this virus may have on the global economy, it is at least reasonably possible that it could have an impact on the operations of AMIDEAST in the near term that could materially impact AMIDEAST's financials.

Note 15. Major Funders

During the year ended September 30, 2020, approximately 49% of AMIDEAST's support and revenue and 46% of AMIDEAST's receivables and reimbursable expenditures under grants and other agreements were derived from grants from the U.S. Department of State and the U.S. Agency for International Development.