

America-Mideast Educational and Training Services, Inc.

Financial Report
September 30, 2021

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RSM US LLP

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of America-Mideast Educational and Training Services, Inc. (AMIDEAST), which comprise the statement of financial position as of September 30, 2021, 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, 2021, 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 2020 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, 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 April 4, 2022, 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.
April 4, 2022

America-Mideast Educational and Training Services, Inc.

**Statement of Financial Position
September 30, 2021
(With Comparative Totals for 2020)**

| | 2021 | 2020 |
|---|----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 5,797,430 | \$ 7,411,517 |
| Investments | 17,637,532 | 15,013,814 |
| Receivables, net | 7,771,092 | 7,048,062 |
| Promises to give, net | 90,000 | 115,000 |
| Prepaid expenses and other | 1,431,968 | 1,469,144 |
| Inventory, net | 687,584 | 887,968 |
| Property and equipment, net | 3,026,434 | 3,499,207 |
| | <u>\$ 36,442,040</u> | <u>\$ 35,444,712</u> |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Accounts payable | \$ 4,046,620 | \$ 4,080,862 |
| Accrued expenses | 2,665,425 | 2,392,089 |
| Line of credit | 2,950,000 | 2,950,000 |
| Deferred revenue | 5,682,204 | 6,206,153 |
| Severance payable | 2,565,894 | 2,379,198 |
| Loans payable | 1,222,000 | 1,444,600 |
| Capital lease obligations | 144,341 | 198,690 |
| Deferred rent | 1,211,911 | 1,384,434 |
| | <u>20,488,395</u> | <u>21,036,026</u> |
| Commitments and contingencies (Note 14) | | |
| Net assets: | | |
| Without donor restrictions: | | |
| Undesignated (deficit) | 14,061,750 | (6,317) |
| Board reserves | - | 12,803,553 |
| | <u>14,061,750</u> | <u>12,797,236</u> |
| With donor restrictions | 1,891,895 | 1,611,450 |
| | <u>15,953,645</u> | <u>14,408,686</u> |
| | <u>\$ 36,442,040</u> | <u>\$ 35,444,712</u> |

See notes to financial statements.

America-Mideast Educational and Training Services, Inc.

**Statement of Activities
Year Ended September 30, 2021
(With Comparative Totals for 2020)**

| | 2021 | | | 2020 Total |
|--|-------------------------------|----------------------------|-------------------|--------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | |
| Support and revenue: | | | | |
| Grants and other agreements | \$ 31,296,039 | \$ - | \$ 31,296,039 | \$ 36,041,721 |
| Fees for services | 12,119,062 | - | 12,119,062 | 12,138,764 |
| Forgiveness of Paycheck Protection Program loan | 1,284,600 | - | 1,284,600 | - |
| Employee Retention Tax Credit | 1,753,045 | - | 1,753,045 | - |
| Contributions | 21,305 | 1,902,484 | 1,923,789 | 1,091,691 |
| Investment income, net | 2,769,844 | - | 2,769,844 | 906,681 |
| Other | 38,895 | - | 38,895 | 19,528 |
| Net assets released from restrictions | 1,622,039 | (1,622,039) | - | - |
| Total support and revenue | 50,904,829 | 280,445 | 51,185,274 | 50,198,385 |
| Expenses: | | | | |
| Program services: | | | | |
| Field offices | 24,955,253 | - | 24,955,253 | 25,748,794 |
| Exchange programs | 12,614,984 | - | 12,614,984 | 15,282,946 |
| Other programs | 1,100,854 | - | 1,100,854 | 1,518,047 |
| Total program services | 38,671,091 | - | 38,671,091 | 42,549,787 |
| Supporting services | 10,969,224 | - | 10,969,224 | 11,043,310 |
| Total expenses | 49,640,315 | - | 49,640,315 | 53,593,097 |
| Change in net assets | 1,264,514 | 280,445 | 1,544,959 | (3,394,712) |
| Net assets: | | | | |
| Beginning | 12,797,236 | 1,611,450 | 14,408,686 | 17,803,398 |
| Ending | \$ 14,061,750 | \$ 1,891,895 | \$ 15,953,645 | \$ 14,408,686 |

See notes to financial statements.

America-Mideast Educational and Training Services, Inc.

**Statement of Functional Expenses
Year Ended September 30, 2021
(With Comparative Totals for 2020)**

| | Program Services | | | | Supporting Services | | 2020 Total |
|--------------------------------------|----------------------|----------------------|---------------------|------------------------------|-------------------------------|----------------------|----------------------|
| | Field Offices | Exchange Programs | Other Programs | Total Program Services | General and Administrative | 2021 Total | |
| Salaries | \$ 5,256,518 | \$ 1,427,326 | \$ 622,379 | \$ 7,306,223 | \$ 6,305,385 | \$ 13,611,608 | \$ 14,135,466 |
| Benefits | 1,474,900 | 368,158 | 159,572 | 2,002,630 | 1,726,552 | 3,729,182 | 4,034,513 |
| Total salaries and benefits | 6,731,418 | 1,795,484 | 781,951 | 9,308,853 | 8,031,937 | 17,340,790 | 18,169,979 |
| Participant and student | 4,894,104 | 10,366,753 | 21,986 | 15,282,843 | - | 15,282,843 | 17,437,498 |
| Occupancy | 4,175,491 | 215,812 | 176,423 | 4,567,726 | 506,665 | 5,074,391 | 4,130,102 |
| Consulting and professional services | 2,520,895 | 10,080 | 12,020 | 2,542,995 | 653,873 | 3,196,868 | 3,863,957 |
| Other pass through | 2,508,621 | - | 11,308 | 2,519,929 | - | 2,519,929 | 2,884,758 |
| Miscellaneous | 765,363 | 34,141 | 8,792 | 808,296 | 1,059,672 | 1,867,968 | 1,941,977 |
| Office expense | 872,817 | 69,271 | 36,907 | 978,995 | 211,090 | 1,190,085 | 1,237,492 |
| Subcontracts and subagreements | 846,762 | 41,487 | - | 888,249 | - | 888,249 | 1,087,295 |
| Furniture, equipment and software | 794,976 | 4,975 | 3,867 | 803,818 | 22,650 | 826,468 | 911,359 |
| Travel | 136,804 | 1,742 | 2,720 | 141,266 | 86,695 | 227,961 | 584,157 |
| Depreciation and amortization | 415,302 | 45,897 | 37,520 | 498,719 | 107,753 | 606,472 | 449,522 |
| Telecommunications | 111,818 | 7,392 | 4,734 | 123,944 | 240,636 | 364,580 | 391,860 |
| Printing, postage and delivery | 102,891 | 12,196 | 1,328 | 116,415 | 42,433 | 158,848 | 276,131 |
| Conferences and meetings | 77,991 | 9,754 | 1,298 | 89,043 | 5,820 | 94,863 | 227,010 |
| Total other expenses | 18,223,835 | 10,819,500 | 318,903 | 29,362,238 | 2,937,287 | 32,299,525 | 35,423,118 |
| Total | \$ 24,955,253 | \$ 12,614,984 | \$ 1,100,854 | \$ 38,671,091 | \$ 10,969,224 | \$ 49,640,315 | \$ 53,593,097 |

See notes to financial statements.

America-Mideast Educational and Training Services, Inc.

Statement of Cash Flows
Year Ended September 30, 2021
(With Comparative Totals for 2020)

| | 2021 | 2020 |
|---|--------------------|------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 1,544,959 | \$ (3,394,712) |
| Adjustments to reconcile change in net assets to net cash used in operation activities: | | |
| Depreciation and amortization | 606,472 | 449,522 |
| Forgiveness of Paycheck Protection Program promissory note | (1,284,600) | - |
| Loss (gain) on asset disposal | 1,281 | (23,071) |
| Unrealized and realized gains on investments, net | (2,619,757) | (557,348) |
| Increase in allowance for inventory obsolescence | 40,258 | 36,973 |
| Increase (decrease) in provision for doubtful accounts | (292,749) | 179,310 |
| Deferred rent | (172,523) | (145,410) |
| Changes in assets and liabilities: | | |
| (Increase) decrease in: | | |
| Receivables | (430,281) | 1,259,307 |
| Promises to give | 25,000 | 52,500 |
| Prepaid expenses and other | 37,176 | 186,450 |
| Inventory | 160,126 | (214,135) |
| Increase (decrease) in: | | |
| Accounts payable | (34,242) | (393,237) |
| Accrued expenses | 273,336 | (240,933) |
| Severance payable | 186,696 | 259,749 |
| Deferred revenue | (523,949) | 1,624,028 |
| Net cash used in operating activities | (2,482,797) | (921,007) |
| Cash flows from investing activities: | | |
| Purchases of investments | (2,134,820) | (5,226,734) |
| Proceeds from sale of investments | 2,130,859 | 7,371,712 |
| Proceeds from asset disposal | - | 29,556 |
| Purchases of property and equipment | (134,980) | (2,382,286) |
| Net cash used in investing activities | (138,941) | (207,752) |
| Cash flows from financing activities: | | |
| Borrowings on line of credit | - | 3,668,514 |
| Repayments against line of credit | - | (718,514) |
| Repayments on loan payables | (10,000) | - |
| Loan borrowings | 1,072,000 | 1,444,600 |
| Principal payments under capital lease obligations | (54,349) | (84,336) |
| Net cash provided by financing activities | 1,007,651 | 4,310,264 |
| Net (decrease) increase in cash and cash equivalents | (1,614,087) | 3,181,505 |
| Cash and cash equivalents: | | |
| Beginning | 7,411,517 | 4,230,012 |
| Ending | \$ 5,797,430 | \$ 7,411,517 |
| Supplemental disclosure of cash flow information: | | |
| Cash payments for interest | \$ 46,649 | \$ 35,515 |
| Supplemental disclosure of noncash financing activities: | | |
| Forgiveness of Paycheck Protection Program promissory note | \$ 1,284,600 | \$ - |

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 presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification). As required by the Not-for-Profit Entities Topic of the Codification, 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.

The Board of Directors approved to undesignate any board-designated reserves during the year ended September 30, 2021.

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.

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.

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 \$1,567,111 at September 30, 2021, which is included in cash and cash equivalents.

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.

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

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

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 conditional grant awards 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, 2021, was \$647,622.

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, 2021, was \$244,486.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are reflected at fair value. To adjust the carrying values of these securities, the change in fair value is recorded as a component of investment income in 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 3 to 39 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 property and equipment 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 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 reported at the lower of the carrying amount or fair value, less costs to sell.

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.

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

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

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.

Contributions: Unconditional contributions are recognized as revenue upon receipt or when unconditional promises to give are received. Contribution revenue is recorded as increases in net assets without donor restrictions, unless their use is limited by time or donor-imposed restrictions.

Conditional contributions are recognized when donor-imposed conditions are met. These revenues are subject to right of return if funds are not spent and also have barriers that must be met in order to be entitled to the funds. Accordingly, amounts received, but not yet recognized as revenue, are classified as deferred revenue in the statement of financial position. As of September 30, 2021, there are \$41,393,136 of additional revenues to be earned on various conditional grants.

Fee for service: Fee for service revenue consists of test service fees from Prometric and Educational Testing Services. Fee for service revenues are recognized at a point in time when the test service is 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.

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.

Income taxes: AMIDEAST is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). AMIDEAST is exempt from federal taxes on income other than unrelated business income. AMIDEAST had no unrelated business income for the year ending September 30, 2021. AMIDEAST is not classified as a private foundation under Section 509(a)(1) of the IRC.

AMIDEAST follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, AMIDEAST may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position, are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes and accounting in interim periods.

Management evaluated AMIDEAST's tax positions and concluded that AMIDEAST has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles (U.S. GAAP) 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)

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 U.S. GAAP. Accordingly, such information should be read in conjunction with AMIDEAST's financial statements for the year ended September 30, 2020, from which the summarized information was derived.

Adopted accounting pronouncements: In June 2018, the 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 also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where AMIDEAST is a resource recipient, the ASU is applicable to contributions received for fiscal year ended September 30, 2020, and where AMIDEAST is a resource provider, the ASU is effective for fiscal year ended September 30, 2021. AMIDEAST has adopted these provisions on a modified prospective basis in the respective year of adoption.

FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requires that AMIDEAST recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods and services to customers. ASU 2014-09 replaces most existing revenue recognition guidance in U.S. GAAP. The new standard also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. AMIDEAST adopted the new standard, effective for the year ended September 30, 2021, using the modified retrospective method analyzing all contracts not yet completed as of October 1, 2020. Based on management's review of its contracts with customers, the timing and amount of revenue recognized previously is materially consistent with how revenue is recognized under this new standard. Therefore, the adoption of this standard had no material impact on AMIDEAST's financial statements, but the standard does require additional disclosures.

Pending accounting pronouncements: 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 statement of financial position 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 statement of activities. The new standard is effective for AMIDEAST for the calendar year beginning on October 1, 2021. 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 the pending adoption of the new standard on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance will be effective for AMIDEAST's fiscal year beginning on October 1, 2021. AMIDEAST is in the process of evaluating the impact of this new guidance on the financial statements.

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

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

Subsequent events: AMIDEAST evaluated subsequent events through April 4, 2022, 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.

The following represents AMIDEAST's financial assets at September 30, 2021:

| | |
|--|-----------------------------|
| Cash and cash equivalents | \$ 5,797,430 |
| Receivables, net | 7,771,092 |
| Promises to give, net | 90,000 |
| Investments | 17,637,532 |
| Total financial assets | <u>31,296,054</u> |
| Less net assets with donor restrictions | 1,891,895 |
| Financial assets available to meet cash needs for general expenditures within one year | <u><u>\$ 29,404,159</u></u> |

Note 3. Receivables

Receivables at September 30, 2021, consist of the following:

| | |
|---|----------------------------|
| Reimbursable expenditures under grants and other agreements | \$ 4,688,036 |
| Billings under grants and other agreements | 1,629,632 |
| Other | 1,069,818 |
| Field office fee for service | 745,391 |
| Testing service | 233,742 |
| Staff/vendors | 52,095 |
| | <u>8,418,714</u> |
| Less provision for doubtful accounts | 647,622 |
| | <u><u>\$ 7,771,092</u></u> |

Note 4. Investments

Investments at September 30, 2021, consist of the following:

| | |
|-----------------------|-----------------------------|
| Common stock | \$ 9,988,445 |
| Money market | 4,876,459 |
| Government securities | 1,738,178 |
| Mutual funds | 1,034,450 |
| | <u><u>\$ 17,637,532</u></u> |

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 4. Investments (Continued)

Investment income for the year ended September 30, 2021, consists of the following:

| | |
|------------------------------------|---------------------|
| Unrealized and realized gains, net | \$ 2,619,757 |
| Interest and dividends | 245,616 |
| Investment fees | (95,529) |
| | <u>\$ 2,769,844</u> |

Note 5. Property and Equipment

Property and equipment and accumulated depreciation at September 30, 2021, and depreciation expense for the year ended September 30, 2021, are as follows:

| Asset Category | Estimated Useful Lives | Cost | Accumulated Depreciation | Net | Depreciation and Amortization Expense |
|-------------------------|------------------------|---------------------|--------------------------|---------------------|---------------------------------------|
| Building | 39 years | \$ 2,165,307 | \$ 252,687 | \$ 1,912,620 | \$ 215,078 |
| Capital lease | Life of lease | 278,868 | 134,787 | 144,081 | 55,774 |
| Furniture and equipment | 3-10 years | 1,044,777 | 791,985 | 252,792 | 138,886 |
| Leasehold improvements | Life of lease | 2,564,177 | 1,847,236 | 716,941 | 196,734 |
| | | <u>\$ 6,053,129</u> | <u>\$ 3,026,695</u> | <u>\$ 3,026,434</u> | <u>\$ 606,472</u> |

Note 6. Line of Credit

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% (1.21% at September 30, 2021) and is secured by AMIDEAST's investment portfolio assets. At September 30, 2021, the line of credit outstanding was \$2,950,000.

Note 7. Loan Payables

Paycheck Protection Program promissory note: In May 2020, AMIDEAST applied for and received \$1,284,600 from the Paycheck Protection Program (PPP) as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act. Funds from the note may only be used for payroll costs, interest on other debt obligations, leases and utilities. 75% of the loan proceeds must be used for payroll costs. AMIDEAST used the entire loan amount on qualifying expenses. AMIDEAST applied for and received loan forgiveness for the entire loan amount of \$1,284,600 on January 4, 2021. As AMIDEAST has elected to record the loan under ASC Topic 470, AMIDEAST has recognized \$1,284,600 for the forgiveness in the statement of activities for the year ended September 30, 2021. The loan forgiveness is subject to audit by the Small Business Administration (SBA) for a period of six years after the forgiveness.

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 7. Loan Payables (Continued)

In June 2021, AMIDEAST applied for and received a second loan of \$1,072,000 from the PPP as part of the CARES Act. Funds from the note may only be used for payroll costs, interest on other debt obligations, leases and utilities. 75% of the loan proceeds must be used for payroll costs. AMIDEAST intends to use the entire loan amount for qualifying expenses. AMIDEAST will be applying for loan forgiveness, which could be granted if AMIDEAST meets the necessary conditions. As of September 30, 2021, AMIDEAST has elected to record the loan under the FASB ASC Topic 470. Under FASB ASC 470, AMIDEAST will recognize income for any amount forgiven when formally approved. If forgiveness is not granted, the note matures in June 2022, and incurs interest at 1% for the term of the note. The note may be prepaid at any time by AMIDEAST without penalty.

Economic Injury Disaster Loan: 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, will begin in June 2022.

Note 8. Accrued Expenses

Accrued expenses at September 30, 2021, consist of the following:

| | |
|------------------------|---------------------|
| Vacation | \$ 1,131,430 |
| Payroll benefits | 507,360 |
| Partner's profit share | 437,341 |
| Rent payments | 243,222 |
| Other | 346,072 |
| | <u>\$ 2,665,425</u> |

Note 9. Capital Lease

Capital leases at September 30, 2021, consist of one copier. Future minimum rental payments on the lease are as follows:

| | |
|----------------------------|-------------------|
| Years ending September 30: | |
| 2022 | \$ 63,922 |
| 2023 | 63,922 |
| 2024 | 26,634 |
| | <u>154,478</u> |
| Less interest | <u>(10,137)</u> |
| | <u>\$ 144,341</u> |

Note 10. Employee Retention Tax Credits

The Employee Retention Tax Credit (ERTC) is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. AMIDEAST met eligibility requirements as an employer to receive the tax credit and based off qualified wages, results in additional income of \$1,753,045 recorded on the statement of activities for the year ended September 30, 2021, under the guidance of ASC 958-605.

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 11. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions during the year ended September 30, 2021, were as follows:

| | Balance September 30, 2020 | Additions | Restricted Pledge Payments | Released | Balance September 30, 2021 |
|--|----------------------------------|--------------|----------------------------------|--------------|----------------------------------|
| Purpose restricted: | | | | | |
| Arab Heritage Fund | \$ 1,264,843 | \$ - | \$ - | \$ 19,840 | \$ 1,245,003 |
| Hope Fund | 14,446 | 460,598 | 25,000 | 344,553 | 155,491 |
| Diana Kamal Scholarship Fund | 93,549 | 411,750 | - | 247,955 | 257,344 |
| Kyali Grant | 65,205 | - | - | - | 65,205 |
| Barja | 44,211 | - | - | 1,526 | 42,685 |
| Higher Education Initiative Cost Share | 11,056 | 910,704 | - | 910,704 | 11,056 |
| Lincoln program | 3,140 | - | - | - | 3,140 |
| Chevron | - | 93,979 | - | 93,979 | - |
| ALAB Donations | - | 22,853 | - | 882 | 21,971 |
| Qisana CS | - | 2,600 | - | 2,600 | - |
| | 1,496,450 | 1,902,484 | 25,000 | 1,622,039 | 1,801,895 |
| Time restricted: | | | | | |
| Hope Fund | 115,000 | - | (25,000) | - | 90,000 |
| | \$ 1,611,450 | \$ 1,902,484 | \$ - | \$ 1,622,039 | \$ 1,891,895 |

Note 12. 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, 2021, were \$304,202.

Note 13. Fair Value Measurements

The Fair Value Measurement Topic of the Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under this topic as assumptions market participants would use in pricing an asset or liability.

The three levels of the hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of investments in Level 1 include money market funds, common stock and mutual funds. As required by the Fair Value Measurement Topic, AMIDEAST does not adjust the quoted price for these investments, even in situations where AMIDEAST holds a large position and a sale could reasonably impact the quoted price.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies. Corporate and government fixed income securities (bonds) are classified as Level 2 investments because its value is based on stated interest rates and quality ratings, which are observable at commonly quoted intervals.

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 13. Fair Value Measurements (Continued)

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. AMIDEAST does not have any investments classified as Level 3 investments.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. AMIDEAST's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. To determine the appropriate levels, AMIDEAST performs a detailed analysis of the assets and liabilities that are subject to the Fair Value Measurement Topic.

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

| | Total | Level 1 | Level 2 | Level 3 |
|-----------------------------|----------------------|----------------------|---------------------|-------------|
| Assets: | | | | |
| Money market | \$ 4,876,459 | \$ 4,876,459 | \$ - | \$ - |
| Common stock: | | | | |
| Financial services | 2,870,826 | 2,870,826 | - | - |
| Communication services | 2,463,596 | 2,463,596 | - | - |
| Consumer goods | 1,685,034 | 1,685,034 | - | - |
| Technology | 1,335,852 | 1,335,852 | - | - |
| Healthcare | 853,563 | 853,563 | - | - |
| Real estate | 357,906 | 357,906 | - | - |
| Energy | 226,234 | 226,234 | - | - |
| Industrials | 195,434 | 195,434 | - | - |
| Bonds: | | | | |
| Government securities | 1,738,178 | - | 1,738,178 | - |
| Mutual funds: | | | | |
| Commodities precious metals | 295,596 | 295,596 | - | - |
| Equity energy | 354,212 | 354,212 | - | - |
| Europe stock | 223,074 | 223,074 | - | - |
| Inflation-protected bond | 161,568 | 161,568 | - | - |
| | <u>\$ 17,637,532</u> | <u>\$ 15,899,354</u> | <u>\$ 1,738,178</u> | <u>\$ -</u> |

Note 14. Commitments and Contingencies

Educational Testing Services: AMIDEAST has entered into an agreement with Educational Testing Services (ETS) to sell and administer certain ETS tests in foreign countries. Under the agreement, AMIDEAST is required to purchase \$875,000 in testing units from December 1, 2021 through November 30, 2022.

America-Mideast Educational and Training Services, Inc.

Notes to Financial Statements

Note 14. Commitments and Contingencies (Continued)

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 \$1,211,911 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, 2021, was \$3,308,894.

Future minimum rental payments on the leases are as follows:

| | Headquarters | Field Offices | Total |
|----------------------------|---------------------|---------------------|----------------------|
| Years ending September 30: | | | |
| 2022 | \$ 970,244 | \$ 1,071,394 | \$ 2,041,638 |
| 2023 | 994,501 | 915,402 | 1,909,903 |
| 2024 | 1,019,363 | 884,464 | 1,903,827 |
| 2025 | 1,044,847 | 784,928 | 1,829,775 |
| 2026 | 798,237 | 578,829 | 1,377,066 |
| Thereafter | - | 1,341,011 | 1,341,011 |
| | <u>\$ 4,827,192</u> | <u>\$ 5,576,028</u> | <u>\$ 10,403,220</u> |

Federal program: 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.

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

Note 15. Major Funders

During the year ended September 30, 2021, approximately 44% of AMIDEAST's support and revenue and 50% 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.

America-Mideast Educational and Training Services, Inc.

Uniform Guidance
Supplementary Financial Report
Year Ended September 30, 2021

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RSM US LLP

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of America-Mideast Educational and Training Services, Inc. (AMIDEAST), which comprise the statement of financial position as of September 30, 2021, 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 April 4, 2022.

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.
April 4, 2022



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, 2021. AMIDEAST's major federal programs 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 programs for the year ended September 30, 2021.

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, 2021, and have issued our report thereon dated April 4, 2022, 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.
April 4, 2022

America-Mideast Educational and Training Services, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021**

| Federal Grantor/Program Title/Grant Name | Assistance Listing Number | Grant/Contract Number | Federal Expenditures | Amounts to Subrecipients |
|---|---------------------------|-----------------------|----------------------|--------------------------|
| United States Agency for International Development | | | | |
| USAID Foreign Assistance for Programs Overseas: | 98.001 | | | |
| Direct award: | | | | |
| Higher Education Initiative (HEI)-Public University Egypt | | AID-263-A-15-00018 | \$ 5,072,483 | \$ 527,673 |
| Passed through: | | | | |
| Lotus Scholarship Program | | AID-363-A-15-00020 | (129) | - |
| Total United States Agency for International Development | | | 5,072,354 | 527,673 |
| United States Department of State | | | | |
| Investing in People in the Middle East and North Africa: | 19.021 | | | |
| Direct award: | | | | |
| GazaEdUSA Scholar 2020 | | S-IS-500-20-GR-0005 | (2) | - |
| Distance Advise Libya FY20 | | S-LY-800-20-GR-0001 | 64,244 | - |
| EFMC Erbil | | S-IZ-100-20-CA-0005 | 117,607 | - |
| EFMC Baghdad | | S-IZ-100-20-CA-0004 | 129,728 | - |
| AEIF Hack to Empower | | S-IS-500-20-GR-0019 | 17,860 | - |
| America House FY21 | | S-IS-500-20-CA-0048 | 230,293 | - |
| America House FY21 Admin | | S-IS-500-20-CA-0049 | 233,682 | - |
| Access Inspire II | | S-JO-100-20-CA-0073 | 55,161 | - |
| AMAL@AMIDEAST | | S-YE-700-20-GR-0002 | 20,173 | - |
| Civil Society Mini-Grants | | S-YE-700-20-GR-0003 | 33,101 | - |
| AC Tunis FY20 | | S-TS-800-20-GR-0047 | 56,623 | - |
| AC Sousse FY20 | | S-TS-800-80-GR-0046 | 3,549 | - |
| PCELT Libya 2021 | | S-LY-800-20-GR-0005 | 21,462 | 350 |
| US Univ Readiness Program | | S-TC-100-20-CA-0037 | 159,268 | - |
| YEP RAK City & YEP Al Jaz | | S-TC-100-20-GR-0031 | 88,162 | - |
| AMAL KSA | | S-YE-700-20-GR-0008 | 33,003 | - |
| TOEFL ITP for FFS 2021 | | S-IZ-100-20-GR-3015 | 18,984 | - |
| Yemeni Womens FY21 | | S-YE-700-21-GR-3005 | 151 | - |
| English for Mission Contacts (EFMC) Program | | S-IZ--100-15-CA027 | (90) | - |
| Al Azhar Darrassa Project | | SFG300-15-GR-058 | 723 | - |
| Iraq Fulbright Visiting Scholar | | S-IZ-100-18-GR-0014 | (8,310) | - |
| Amer. English Scholars Program | | S-IS-400-18-GR-0024 | (8) | - |
| Am Corner Sousse FY17 | | S-TS-800-17-GR-0077 | (355) | - |
| English After School | | S-YE-700-17-GR-001 | 143,359 | - |
| Amer Corners-Iraq | | S-IZ-100-18-CA-006 | 91,998 | - |
| Access Alumni Conference | | S-JO-100-18-GR-093 | 2,335 | - |
| America House FY19 | | S-IS-400-18-GR-0043 | 59,903 | - |
| ELRC | | S-EG-300-18-GR-0054 | 459 | - |
| English Prg Garbage City | | S-EG-300-18-GR-0073 | 1,669 | - |
| U.S. University Tours | | S-EG-300-18-GR-0074 | (1) | - |
| EL Teacher Training | | S-IZ-100-19-GR-0007 | 830 | - |
| Iraq Silicon Valley Entre | | S-IZ-100-19-GR-0009 | (3) | - |
| Amer Corners Tunis FY19 | | S-TS-800-19-GR-0068 | 4,562 | - |
| AC Sousse FY 19 | | S-TS-800-19-GR-0069 | 5,102 | - |
| American House FY20 | | S-IS-400-19-GR-0068 | 148,959 | - |
| Access Alumni Program | | S-IS-400-19-GR-0074 | 9,368 | - |
| Aspire Internship Training Program | | S-YE-700-19-GR-0002 | 36,873 | - |
| Rural Teacher Training Program | | S-YE-700-19-GR-0003 | 43,512 | - |
| WB TechCamp Program FY20 | | S-IS-400-19-GR-0067 | 38,065 | - |
| Alumni Devel Workshop2020 | | S-IS-400-19-GR-0065 | 16,926 | - |
| Iraq Visiting Scholar Program | | S-IZ-100-19-GR-0030 | 126,553 | - |
| ELRC Grant 2019 | | S-EG-300-19-CA-0098 | 23,872 | - |
| PCELT/EduUSA FY18 | | S-JO-100-19-CA-0105 | 69,578 | - |
| Fulb Visiting 10th Anniversary | | S-LZ-100-19-GR-0051 | 1,752 | - |
| Today Lead Tom Entrepn | | S-IS-400-19-GR-0054 | 9,418 | - |
| Total 19.021 | | | 2,110,098 | 350 |

(Continued)

America-Mideast Educational and Training Services, Inc.

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2021**

| Federal Grantor/Program Title/Grant Name | Assistance Listing Number | Grant/Contract Number | Federal Expenditures | Amounts to Subrecipients |
|---|---------------------------------|--------------------------|-------------------------|-----------------------------|
| Educational and Cultural Exchange Programs | | | | |
| Appropriation Overseas Gants: | | | | |
| Direct award: | 19.022 | | | |
| Alex American Corner Program | | S-RG-300-20-GR-0068 | \$ 9,792 | \$ - |
| Min of Environ 21 | | S-EG-30021-GR-3014 | 15,471 | - |
| Total 19.022 | | | <u>25,263</u> | <u>-</u> |
| Public Diplomacy Programs: | | | | |
| Direct award: | 19.040 | | | |
| America Corner Ren - Alex Project | | S-EG-300-20-GR-0014 | 28,788 | - |
| PCELT | | S-MO-550-17-GR-0097 | 49,658 | - |
| English for Journalists | | S-JO-100-20-CA-0065 | 29,900 | - |
| PCELT Kuwait 2021 | | S-KU-200-20-GR-0015 | 84,891 | 30,518 |
| Quincy College Prep Program | | S-SA-700-20-CA-0014 | 222,132 | - |
| Skills to Careers Initiative | | S-JO-100-21-CA-3018 | 480 | - |
| EdUSA Mor Travl OutRch | | S-MO-550-017-GR-0056 | 6,000 | - |
| Total 19.040 | | | <u>421,849</u> | <u>30,518</u> |
| Academic Exchange Programs - Graduate Students | | | | |
| Direct award: | 19.400 | | | |
| Fulbright FY16 | | S-ECAGD-16-CA-1002 | (1,581) | - |
| Fulbright FY17 | | S-ECAGD-17-CA-1009 | 11,712 | - |
| Fulbright FY18 | | S-ECAGD-18-CA-1004 | 38,566 | - |
| Fulbright FY20 | | S-ECAGD-20-CA-0007 | 2,313,805 | 23,405 |
| Fulbright FY21 | | S-ECAGD-21-CA-3007 | 4,509,390 | 27,196 |
| Fulbright FY14 | | S-ECAGD-14-CA-1016 | 448 | - |
| Fulbright FY15 | | S-ECAGD-15-CA-1019 | (275) | - |
| Fulbright FY19 | | S-ACAGD-19-CA-0034 | 1,279,982 | (9,115) |
| Fulbright Libya Travel | | S-LY-800-19-GR-0006 | 29,769 | - |
| Total 19.400 | | | <u>8,181,816</u> | <u>41,486</u> |
| Academic Exchange Programs - Teachers: | | | | |
| Passed through: | 19.408 | | | |
| American Councils for International Education: | | | | |
| Teachers of Critical Languages Program (TCLP) | | S-ECAGD-20-CA-0004 | 1,189 | - |
| Teachers of Critical Languages Program (TCLP) | | S-ECAGD-21-CA-3002 | 2,008 | - |
| Total 19.408 | | | <u>3,197</u> | <u>-</u> |
| Professional and Cultural Exchange Programs – Citizen Exchanges: | | | | |
| Passed through: | 19.415 | | | |
| American Councils for International Education: | | | | |
| Qisasna I 2021-2022 | | S-ECAGD-17-CA-1074 | \$ 39,685 | \$ 16,788 |
| Youth Exchange and Study FY15 | | S-ECAGD-16-CA-1116 | 231 | - |
| National Security Language Initiative for Youth (NSLI) 17-18 | | S-ECAGD-16-CA-1077 | 175 | - |
| Youth Exchange and Study AY18-19 Inbound | | S-ECAGD-17-CA-1074 | (13) | - |
| Youth Exchange and Study 19-20 | | S-ECAGD-18-CA-0044 | 211,650 | - |
| Youth Exchange and Study 20-21 | | S-ECAGD-19-CA-0101 | 298,000 | - |
| Youth Exchange and Study FY20-23 | | S-ECAGD-20-CA-0035 | 1,069,793 | - |
| National Security Language Initiative for Youth (NSLI) 20-21 | | S-ECAGD-19-CA-0054 | 204,469 | - |
| National Security Language Initiative for Youth (NSLI) 2122 | | S-ECAGD-20-CA-0027 | 169,277 | - |
| National Security Language Initiative for Youth (NSLI) 18-19 | | S-ECAGD-17-CA-1053 | 347 | - |
| National Security Language Initiative for Youth (NSLI) 19-20 | | S-ECAGD-18-CA-1041 | (284) | - |
| Total 19.415 | | | <u>1,993,330</u> | <u>16,788</u> |

(Continued)

America-Mideast Educational and Training Services, Inc.

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2021**

| Federal Grantor/Program Title/Grant Name | Assistance Listing Number | Grant/Contract Number | Federal Expenditures | Amounts to Subrecipients |
|--|---------------------------------|--------------------------|-------------------------|-----------------------------|
| Academic Exchange Programs – English Language Programs: | 19.421 | | | |
| Direct award: | | | | |
| English Language Olympics 2020 | | S-JO-100-20-GR-0029 | 14,034 | - |
| Passed through: | | | | |
| FHI360: | | | | |
| Access FY17 | | S-ECAGD-17-CA-1065 | 255,713 | 5,500 |
| Access Grad FY16 Egypt | | S-ECAGD-16-CA-1115 | 736 | - |
| Access FY16 | | S-ECAGD-15CA-1130 | 75 | - |
| Access FY19 | | S-ECAGD-19-CA-0156 | 40,926 | - |
| Access FY18 | | S-ECAGD-18-CA-0067 | 1,157,257 | - |
| Total 19.421 | | | 1,468,741 | 5,500 |
| Academic Exchange Programs – Educational Advising and Student Services: | 19.432 | | | |
| Direct award: | | | | |
| Education USA FY19-21 | | S-ECAGD-19-CA-0032 | 620,292 | - |
| Total 19.432 | | | 620,292 | - |
| Bureau of Near Eastern Affairs: | | | | |
| Direct award: | 19.600 | | | |
| Skills for Tomorrow Libya | | S-NEAAC-19-GR-0058 | 167,986 | 72,113 |
| Tomorrows Leaders VII | | S-NEAAC-17-CA-1029 | 558,436 | - |
| Nahdhat Shabab Yemen Program | | S-NEAAC-17-GR-1026 | 453,689 | - |
| Total 19.600 | | | 1,180,111 | 72,113 |
| Global Counterterrorism Programs: | | | | |
| Direct award: | 19.701 | | | |
| BLADI | | S-LMAQM-18-CA-2032 | \$ 70,856 | \$ 39,750 |
| Total 19.701 | | | 70,856 | 39,750 |
| Total United States Department of State | | | 16,075,553 | 206,505 |
| Small Business Administration | | | | |
| Disaster Assistance Loans: | | | | |
| Direct award: | | | | |
| COVID-19: Economic Injury Disaster Loan | 59.008 | N/A | 150,000 | - |
| Total Small Business Administration | | | 150,000 | - |
| Total Expenditures of Federal Awards | | | \$ 21,297,907 | \$ 734,178 |

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, 2021. 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.

Amounts provided to subrecipients shown separately on the schedule of expenditures of federal awards are also a component of the federal expenditures presented.

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.

Note 3. Indirect Cost Rate

AMIDEAST negotiates and utilizes an indirect cost rate with the federal government and therefore does not utilize the 10% de minimis cost rate option under Uniform Guidance.

Note 4. Awards with Negative Values

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 5. Federal Loan Program

The federal loan program listed below by administered directly by AMIDEAST and balances are transactions relating to the program are included in AMIDEAST's financial statements. The balance of the loan outstanding at September 30, 2021, consists of:

| Assistance Listing Number | Program Name | Beginning Loan Balance at October 1, 2020 | New Loans During Fiscal Year 2021 | Outstanding Balance at September 30, 2021 |
|---------------------------|---------------------------|--|--------------------------------------|--|
| 59.008 | Disaster Assistance Loans | \$ 150,000 | \$ - | \$ 150,000 |

America-Mideast Educational and Training Services, Inc.

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2021**

Section I. Summary of Auditor's Results

Financial Statements:

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

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards:

Internal control over major programs:

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

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

Unmodified

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

 Yes X No

Identification of major programs:

Name of Federal Program or Cluster

Assistance Listing Numbers(s)

| | |
|---|--------|
| Academic Exchange Programs – Graduate Students | 19.400 |
| Investing in People in Middle East and North Africa | 19.021 |
| Bureau of Near Eastern Affairs | 19.600 |
| Public Diplomacy Programs | 19.040 |

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, 2021**

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from the prior audit's Summary of Prior Audit Findings.