

NEAR EAST FOUNDATION AND SUBSIDIARIES

**Consolidated Financial Statements and
Supplementary Information as of
June 30, 2024
Together with
Independent Auditor's Report**

NEAR EAST FOUNDATION AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

March 31, 2025

To the Board of Directors of the
Near East Foundation and Subsidiaries:

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the Near East Foundation and Subsidiaries (a non-profit organization, the Foundation), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our report and the reports of the other auditors, the consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, 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.

We did not audit the financial statements of the Near East Foundation Belgium (NEF BE), and of the local operations in Jordan and Jordan Regional, which statements reflect total assets of \$8,190,214 and total net assets of \$2,072,827, as of June 30, 2024 and total revenue and other support of \$11,873,993, for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for NEF BE and of the local operations in Jordan and Jordan Regional is based solely on the reports of the other auditors. The financial statements of NEF BE were not audited in accordance with *Government Auditing Standards*.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

432 North Franklin Street, #60
Syracuse, NY 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

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INDEPENDENT AUDITOR'S REPORT

(Continued)

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Foundation adopted Accounting Standards Codification 326, *Financial Instruments – Credit Losses*, as of July 1, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Report on Summarized Comparative Totals

We have previously audited the Foundation's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), along with the 2024 supplementary information included in Schedules I through V, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2025, on our consideration of the Foundation'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 the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

NEAR EAST FOUNDATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 8,054,182	\$ 13,343,300
Escrows and reserves	6,437,343	2,584,995
Accounts receivable	76,938	206,722
Loans receivable, net of allowance for credit losses of \$398,626 and \$14,734 as of June 30, 2024 and 2023, respectively	2,158,709	2,113,591
Grants and contract receivable	998,938	2,800,554
Prepaid expenses and other assets	235,983	241,368
Investments	11,253,333	6,258,530
Currency exchange rate options	38,814	292,179
Right-of-use asset - operating leases	480,958	551,783
Property and equipment, net	<u>74,892</u>	<u>122,047</u>
Total assets	<u>\$ 29,810,090</u>	<u>\$ 28,515,069</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 2,497,830	\$ 2,080,494
Refundable advances	2,364,742	7,614,373
Operating lease liability	474,055	539,653
Debt	<u>9,824,991</u>	<u>9,824,991</u>
Total liabilities	<u>15,161,618</u>	<u>20,059,511</u>
NET ASSETS:		
Without donor restrictions	6,300,917	1,160,702
With donor restrictions	<u>8,347,555</u>	<u>7,294,856</u>
Total net assets	<u>14,648,472</u>	<u>8,455,558</u>
Total liabilities and net assets	<u>\$ 29,810,090</u>	<u>\$ 28,515,069</u>

The accompanying notes are an integral part of these statements.

NEAR EAST FOUNDATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2024

(With Comparative Totals for 2023)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2024 <u>Total</u>	2023 <u>Total</u>
REVENUE AND OTHER SUPPORT:				
Contributions	\$ 6,470,526	\$ 2,165,154	\$ 8,635,680	\$ 1,878,396
Government grants and contracts	15,229,804	1,933,957	17,163,761	17,627,194
Private grants	629,921	-	629,921	184,156
Investment income, net	1,459,118	-	1,459,118	836,872
Other income	990	-	990	4,806
Net assets released from restrictions	<u>3,046,412</u>	<u>(3,046,412)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>26,836,771</u>	<u>1,052,699</u>	<u>27,889,470</u>	<u>20,531,424</u>
EXPENSES:				
Direct program services	17,461,786	-	17,461,786	14,931,008
Program administration	<u>2,218,671</u>	<u>-</u>	<u>2,218,671</u>	<u>2,481,784</u>
Total program services	<u>19,680,457</u>	<u>-</u>	<u>19,680,457</u>	<u>17,412,792</u>
Management and general	1,067,486	-	1,067,486	925,093
Fundraising	<u>748,124</u>	<u>-</u>	<u>748,124</u>	<u>758,470</u>
Total expenses	<u>21,496,067</u>	<u>-</u>	<u>21,496,067</u>	<u>19,096,355</u>
CHANGE IN NET ASSETS BEFORE GAIN ON CURRENCY EXCHANGE RATE OPTIONS AND FOREIGN CURRENCY TRANSLATION ADJUSTMENT				
	5,340,704	1,052,699	6,393,403	1,435,069
GAIN/(LOSS) ON CURRENCY EXCHANGE RATE OPTIONS				
	(39,086)	-	(39,086)	26,565
FOREIGN CURRENCY TRANSLATION ADJUSTMENT				
	<u>(161,403)</u>	<u>-</u>	<u>(161,403)</u>	<u>(100,997)</u>
CHANGE IN NET ASSETS	5,140,215	1,052,699	6,192,914	1,360,637
NET ASSETS - beginning of year	<u>1,160,702</u>	<u>7,294,856</u>	<u>8,455,558</u>	<u>7,094,921</u>
NET ASSETS - end of year	<u>\$ 6,300,917</u>	<u>\$ 8,347,555</u>	<u>\$ 14,648,472</u>	<u>\$ 8,455,558</u>

The accompanying notes are an integral part of these statements.

NEAR EAST FOUNDATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2024

(With Comparative Totals for 2023)

	Direct Program <u>Services</u>	Program <u>Administration</u>	Total Program <u>Services</u>	Management <u>and General</u>	<u>Fundraising</u>	2024 <u>Total</u>	2023 <u>Total</u>
SALARIES AND RELATED EXPENSES:							
Salaries and wages	\$ 4,677,231	\$ 874,663	\$ 5,551,894	\$ 552,194	\$ 507,747	\$ 6,611,835	\$ 6,082,820
Fringe benefits	1,324,743	154,011	1,478,754	181,119	152,883	1,812,756	2,144,373
Total salaries and related expenses	6,001,974	1,028,674	7,030,648	733,313	660,630	8,424,591	8,227,193
Occupancy and operating expenses	922,557	934,370	1,856,927	198,621	44,555	2,100,103	1,647,822
Travel	655,205	159,175	814,380	134,331	22,874	971,585	841,302
Equipment and furniture	57,709	26,220	83,929	1,221	2,144	87,294	193,623
Program activities	8,349,135	29,277	8,378,412	-	11,721	8,390,133	7,578,451
Sub-awards	1,076,035	-	1,076,035	-	-	1,076,035	492,800
Credit loss expense	399,171	-	399,171	-	-	399,171	13,495
Depreciation	-	40,955	40,955	-	6,200	47,155	101,669
	<u>\$ 17,461,786</u>	<u>\$ 2,218,671</u>	<u>\$ 19,680,457</u>	<u>\$ 1,067,486</u>	<u>\$ 748,124</u>	<u>\$ 21,496,067</u>	<u>\$ 19,096,355</u>

The accompanying notes are an integral part of these statements.

NEAR EAST FOUNDATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024

(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets before foreign currency translation adjustment	\$ 6,354,317	\$ 1,461,634
Adjustments to reconcile change in net assets before foreign currency translation adjustment to net cash flow from operating activities:		
Depreciation	47,155	101,669
Credit loss expense	399,171	13,495
Write-offs of loans receivable	(15,279)	(11,352)
Realized and unrealized (gains) losses on investments	(765,723)	(429,146)
Realized gain on currency exchange rate options	(117,194)	(37,228)
Unrealized (gains) losses on currency exchange rate options	156,280	10,679
Operating leases	5,227	(12,130)
Changes in:		
Accounts receivable	129,784	(37,329)
Grants and contracts receivable	1,801,616	(1,654,677)
Prepaid expenses and other assets	5,385	(46,172)
Accounts payable and accrued expenses	417,336	1,203,366
Refundable advances	(5,249,631)	5,611,221
Net cash flow from operating activities	<u>3,168,444</u>	<u>6,174,030</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	-	(32,916)
Issuance of loans	(2,331,067)	(2,499,972)
Repayment of loans	1,902,057	751,710
Proceeds from currency exchange rate options	214,279	61,202
Proceeds from sales of investments	4,768,110	954,762
Purchase of investments	(8,997,190)	(931,053)
Net cash flow from investing activities	<u>(4,443,811)</u>	<u>(1,696,267)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Borrowings on line of credit	-	251,875
Repayment of line of credit	-	(502,098)
Borrowings on debt	-	3,831,741
Net cash flow from financing activities	<u>-</u>	<u>3,581,518</u>
CHANGE IN CASH, CASH EQUIVALENTS, ESCROWS AND RESERVES BEFORE EFFECT OF EXCHANGE RATE CHANGES	(1,275,367)	8,059,281
CASH, CASH EQUIVALENTS, ESCROWS AND RESERVES - beginning of year	15,928,295	7,970,011
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS, ESCROWS AND RESERVES	<u>(161,403)</u>	<u>(100,997)</u>
CASH, CASH EQUIVALENTS, ESCROWS AND RESERVES - end of year	<u>\$ 14,491,525</u>	<u>\$ 15,928,295</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	<u>\$ 309</u>	<u>\$ 2,412</u>

The accompanying notes are an integral part of these statements.

NEAR EAST FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

(With Comparative Totals for 2023)

1. NATURE OF ORGANIZATION

Near East Foundation (NEF) is an international non-governmental organization, founded in 1915, that fosters and supports civil society organizations in select African and Middle Eastern communities experiencing inveterate poverty, as well as conflict, migration and/or climate change. NEF designs and manages projects that engage communities in simple, but innovative and sustainable practices and technologies to meet their basic needs in agriculture, education, healthcare and income generation, giving them the confidence and competence to seek services from their governments and broader societies.

To implement its projects, offices and staff are maintained in Armenia, Jordan, Jordan Regional, Lebanon, Mali, Morocco, Sudan, South Sudan, Syria, Iraq, London, UK, and Brussels, Belgium, as well as Syracuse, New York, United States. The presence in these countries is registered with each of the respective national authorities. NEF has supported other former and current employees to set up similar entities in other countries but has not used these entities.

NEF has been classified as a 501(c)(3) organization and is exempt from federal income taxes under the provisions of 501(a) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements.

Near East Foundation UK Limited (NEF UK) is a registered charity, number 1150993 and is a limited liability company. NEF UK's purpose is to build more sustainable, prosperous, and inclusive communities in the Middle East and Africa through education, community organizing, and economic development.

NEF Belgium (NEF BE) is an international non-profit association incorporated by Royal Decree, number 0708928458, and registered with the Crossroads Bank for Enterprises. NEF BE's purpose is to build more sustainable, prosperous, and inclusive communities in the Middle East and Africa through education, community organizing, and economic development.

In December 2023, NEF incorporated, as a cooperative company, Siraj Financial Services (SFS), a microfinance institution to provide sustainable financing to micro, small and medium-sized enterprises in Belgium and abroad, particularly in northern Syria. SFS aims to achieve this purpose by providing loans, financing and guarantees to micro, small and medium-sized enterprises that contribute to a sustainable and social economy and additionally, SFS will provide financial, technical, commercial, administrative, operational and staff advice to micro, small and medium-sized enterprises.

1,002 fully subscribed registered shares were issued to establish SFS. 1,000 Class A shares were granted to NEF Belgium in exchange for an in-kind contribution of 1,966,090.25 EUR Revolving Credit Fund Loan Portfolio. 1 class B share was granted to Near East Foundation in exchange of a cash contribution in the amount of 1,966.09 EUR and 1 class C share was granted to Near East Foundation UK in exchange of a cash contribution in the amount of EUR 1.966,09 EUR.

1. NATURE OF ORGANIZATION (Continued)

NEF Global, LLC and NEFdev, are for-profit subsidiaries of NEF, were established to obtain United States government contracts that would not be available to the not-for-profit NEF organization. NEFdev and NEF Global, LLC has no activity for the years ended June 30, 2024 and 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Near East Foundation, Near East Foundation UK Limited, NEF Belgium, SFS, NEF Global, LLC and NEFdev (collectively, the Foundation). In accordance with generally accepted accounting principles, all significant intercompany transactions and balances have been eliminated in the consolidated financial statements.

Basis of Accounting

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Use of Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and such differences may be significant.

Financial Statement Presentation

The Foundation reports its activities based on the existence or absence of donor-imposed restrictions utilizing the following net asset categories:

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of the Foundation.

Net Assets with Donor Restrictions

Net assets with donor restrictions are those net assets that are restricted by the donor for time or specific purposes or net assets whose principal may not be expended. The donors may or may not restrict the use of investment income. As such restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities and changes in net assets as net assets released from restrictions.

Endowment Funds

Endowment funds represent funds that are not available for current use because they have been restricted by donors. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interpretation of Relevant Law

The Foundation's Board of Directors has interpreted the applicable provisions of New York Not-for-Profit Corporation Law to mean that the classification of appreciation on endowment gifts, beyond the original gift amount, follows the donor's restrictions on the use of the related income. The Foundation also observes the Uniform Management of Institutional Funds Act protection of the historic gift value of individual endowment funds.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid instruments with original maturities at the time of purchase of three months or less. The Foundation maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Foundation maintains cash in bank deposit accounts denominated in foreign currency. Foreign currency denominated assets may involve more risk than domestic transactions, including political, economic, and regulatory risk. Risks may also arise from the potential inability of a counterparty to meet the terms of a contract and from unanticipated movements in the value of foreign currencies to the U.S. Dollar.

Foreign Exchanges Gain or Loss

Monetary assets and liabilities denominated in foreign currencies are translated using rates prevailing at year-end. Revenue and expenses are translated monthly using a weighted-average rate that is calculated as an average of the daily currency exchange rates that prevailed during the given month.

Escrows and Reserves

Escrows and reserves represent cash deposited in demand deposit accounts at a financial institution, whose use is limited under the terms of the NEF UK's finance agreements with the United States International Development Finance Corporation and a Norwegian for-profit investment company.

Reconciliation to Statement of Cash Flows

The following represents the balance of cash, cash equivalents, escrows and reserves – end of year, which includes cash and cash equivalents, and escrows and reserves on the statement of cash flows at June 30:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 8,054,182	\$ 13,343,300	\$ 7,641,873
Escrows and reserves	<u>6,437,343</u>	<u>2,584,995</u>	<u>328,138</u>
Total	<u>\$ 14,491,525</u>	<u>\$ 15,928,295</u>	<u>\$ 7,970,011</u>

Accounts Receivable

Accounts receivables are stated at outstanding balances. The Foundation considers all receivables to be fully collectible; accordingly, no allowance for credit losses has been recorded at June 30, 2024 and 2023. If amounts become uncollectable, they will be charged to credit loss when the determination is made. Unpaid balances remaining after the stated payment terms are considered past due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans Receivable

The Foundation administers development and microloans through a Revolving Credit Fund (RCF) in Syria. Microloans are provided to borrowers to establish or expand a micro or small enterprise with growth potential. Development loans are provided to borrowers to further the development of an existing business. Agricultural loans are provided to borrowers to address seasonal cash flow needs to enable producers to access high-quality inputs, e.g., seeds, agrichemicals, fodder/feed, tools, and improved storage equipment. Growth Loans are provided to borrowers to grow their businesses after successfully repaying an initial RCF loan. Emergency Loans are provided to borrowers to secure investment support for their adoption of innovative technologies that fill gaps in the agricultural ecosystem. All loans typically hold a term of 12-18 months. Details of loans, by class, are included in Note 4. The loan portfolio is provided in the Northeast and North West Regions of Syria and Iraq. The ability of borrowers to honor their contracts is dependent upon the general economic conditions and peacetime stability of the market area.

Loans are reported at amortized cost which is their outstanding unpaid principal balances, net of an allowance for credit losses and any deferred fees or costs. Interest is not charged on unpaid principal balances. All repaid principal balances are used to refund the RCF to make additional loans to new borrowers. The loans are unsecured. Delinquent loans over 270 days past due are recommended to be charged off.

Allowance for Credit Losses

The allowance for credit losses represents management's estimate of losses inherent in the loan receivable portfolio as of the date of the consolidated statements of financial position and is recorded as a reduction to loans. The allowance for credit losses is increased by the provision for credit losses and decreased by charge-offs. Loans deemed to be uncollectible are charged against the allowance for credit losses and subsequent recoveries, if any, are credited to the allowance. All, or part, of the principal balance of loans receivable is charged off to the allowance as soon as it is determined that the repayment of all or part of the principal balance is considered highly unlikely.

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses.

Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in portfolio mix, delinquency level, or term as well as for changes in environmental conditions such as national, regional, and local economic and business conditions and the effects on the value of underlying collateral. The allowance for credit losses is measured on a collective pool basis with receivables that have similar risk characteristics.

A loan is considered impaired when, based on current information and events, it is probable that the Foundation will be unable to collect the scheduled payments. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled payments. Loans that experience payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses (Continued)

The Foundation does not routinely restructure loans in the normal course of business. Loan modifications, typically forbearances, will occasionally be employed on a case by case basis.

Credit loss expense for the years ended June 30, 2024 and 2023 was \$399,171 and \$13,495 respectively.

Grants Receivable and Refundable Advances

The Foundation receives grants and contracts to assist carrying out its programs from federal, state, and local government agencies and other organizations. Unconditional grants are recognized as revenues in the period received or promised. Conditional grants are not recognized as revenues until the conditions on which they depend are substantially met. The Foundation has adopted a policy whereby all restricted grants be recorded as without donor restrictions if the restriction expires in the same reporting period as received.

Grants and contracts receivable represent amounts due under grants and contracts to the Foundation. Receivables are stated at the amount management expects to collect from outstanding balances. As of June 30, 2024 and 2023, management has determined based on review, that all amounts are fully collectible and no allowance for credit losses is necessary. If amounts become uncollectible, they will be charged against the related revenue when the determination is made. Unpaid balances remaining after the stated payment terms are considered past due. Refundable advances consist of grant revenue, which has been received but not yet earned.

Conditional grants and contracts have the following conditions as of June 30, 2024:

Lebanon	\$ 2,968,568
Mali	1,756,636
South Sudan	1,314,195
Sudan	331,020
Syria	5,645,803
Armenia	687,826
Jordan	2,752,081
Iraq	<u>1,145,064</u>
Total	<u>\$ 16,601,193</u>

Subsequent to year end, on February 26, 2025, the Foundation received a "Notice of Termination" for three U.S. Government awards. This was part of the Trump Administration's change in foreign policy, which resulted in the termination of most foreign assistance. This has had a major impact on the Foundation's financial position and ability to carry out its mission. Total revenues for the year ended June 30, 2024 from U.S. Government awards was approximately \$3,500,000. The Foundation has relied on its endowment, investments, and generous donors to restructure operations after the removal of all U.S. Government funding.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist principally of prepaid insurance and other contracted services paid in advance and are expensed over the term of the contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reported at fair value. Gains and losses on investments of net assets with donor restrictions are to be classified according to explicit donor-imposed stipulations. Absent donor-imposed stipulations, applicable state law is to be followed.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated financial statements. Realized gains or losses result from the sale of investments and are allocated to the applicable funds. Unrealized gains or losses result from market value fluctuations and are also allocated to the applicable funds. Both are recorded in the consolidated statement of activities and changes in net assets in investment income.

Currency Exchange Rate Options

Currency exchange rate options are reported at fair value. Currency exchange rate options are exposed to various risks, such as geographic and political risk. Due to the level of risk associated with certain currency exchange rate options, it is at least reasonably possible that changes in the values of currency exchange rate options will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated financial statements.

Fair Value Measurement

GAAP provides a framework for measuring fair value and applies to all financial instruments that are being measured and reported on a fair value basis. GAAP establishes a fair value hierarchy and 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. The fair value hierarchy is defined as follows:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2: Valuations based on quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, and market corroborated inputs which are derived principally from or corroborated by observable market data.
- Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement (Continued)

Following is a description of the valuation methodologies used for investments measured at fair value.

Level 1 Fair Value Measurements

The fair value of exchange traded funds, common stocks, and mutual funds are based on quoted prices in an open market.

Level 2 Fair Value Measurements

The fair value of corporate bonds are determined by entering standard inputs into a pricing model. These inputs, listed in order of priority, include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, reference data, and industry and economic events. The custodian of the bonds relies on an independent pricing service to perform the pricing calculation. The fair value of investment in trusts held by others are based on quoted market prices of the underlying investments.

Fair value of the Foundation's currency exchange rate options was derived using the implied volatility and forward rates computed at the caplet/floorlet level, discounted to the present time as calculated by the custodian and the fixed currency exchange rate at the stated rate in the vanilla option contracts.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation's management believes the valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain investments could result in a different fair value measurement at the reporting date.

Level 3 Fair Value Measurements

Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investments Measured at NAV Practical Expedient

The Foundation has an investment in Oaktree Strategic Credit Fund, a private credit investment. The investment philosophy of Oaktree Strategic Credit Fund is to generate stable current income and long-term capital appreciation by primarily investing in private debt opportunities. The Foundation's units are valued monthly. The investment has a one-year soft lock. If a redemption is made during the initial soft lock period, there is a 2% early redemption penalty. After the one-year soft lock, the Foundation can fully redeem quarterly as long as no more than 5% of the net asset value in the aggregate across all investors is requested in that quarter. Gates can be put up by the fund managers limiting redemptions under times a stress. The Foundation's value represents the Foundation's proportionate share of the net asset value of the underlying assets, which approximates estimated fair value of the Oaktree Strategic Credit Fund. There are no unfunded commitments. Further information concerning Oaktree Strategic Credit Fund may be obtained from their separate audited financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement (Continued)

Investments Measured at NAV Practical Expedient (Continued)

The Foundation has an investment in Blackstone Private Credit Fund, a private credit investment. The investment philosophy of Blackstone Private Credit Fund is to generate current income and, to a lesser extent, long-term capital appreciation by investing primarily in originated loans and other securities, including broadly syndicated loans, of U.S. private companies. Under normal circumstances, Blackstone Private Credit Fund will invest at least 80% of its total assets in private credit investments. The Foundation's units are valued monthly. The investment has a one-year soft lock. If a redemption is made during the initial soft lock period, there is a 2% early redemption penalty. After the one-year soft lock, the Foundation can fully redeem quarterly as long as no more than 5% of the net asset value in the aggregate across all investors is requested in that quarter. Gates can be put up by the fund managers limiting redemptions under times a stress. The Foundation's value represents the Foundation's proportionate share of the net asset value of the underlying assets, which approximates estimated fair value of the Blackstone Private Credit Fund. There are no unfunded commitments. Further information concerning Blackstone Private Credit Fund may be obtained from their separate audited financial statements.

The Foundation has an investment in NB Private Markets Access Fund LLC, a private equity co-investment fund. The investment philosophy of NB Private Markets Access Fund LLC is to provide attractive, long-term capital appreciation by investing primarily in an actively managed portfolio of private equity investments. The Foundation's units are valued monthly. The investment has a one-year soft lock. If a redemption is made during the initial soft lock period, there is a 2% early redemption penalty. After the one-year soft lock, the Foundation can fully redeem quarterly as long as no more than 5% of the net asset value in the aggregate across all investors is requested in that quarter. Gates can be put up by the fund managers limiting redemptions under times a stress. The Foundation's value represents the Foundation's proportionate share of the net asset value of the underlying assets, which approximates estimated fair value of the NB Private Markets Access Fund LLC. There are no unfunded commitments. Further information concerning NB Private Markets Access Fund LLC may be obtained from their separate audited financial statements.

The Foundation has an investment in KRR Infrastructure Conglomerate LLC, a private equity investment fund. The investment philosophy of KRR Infrastructure Conglomerate LLC is to acquire, own and control portfolio companies, special purpose vehicles and other entities through which infrastructure assets or business will be held, with the objective of generating attractive risk-adjusted returns consisting of both current income and capital appreciation. The investment has a two-year soft lock. If a redemption is made during the initial soft lock period, there is a 5% early redemption penalty. After the two-year soft lock, the Foundation can fully redeem quarterly as long as no more than 5% of the net asset value in the aggregate across all investors is requested in that quarter. Gates can be put up by the fund managers limiting redemptions under times a stress. The Foundation's value represents the Foundation's proportionate share of the net asset value of the underlying assets, which approximates estimated fair value of the KRR Infrastructure Conglomerate LLC. There are no unfunded commitments. Further information concerning KRR Infrastructure Conglomerate LLC may be obtained from their separate audited financial statements.

There were no changes in valuation techniques used in 2024 or 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment, Net

Property and equipment are recorded at fair market value at the date of donation or at cost if purchased. The Foundation capitalizes property and equipment in excess of \$5,000 with a useful life greater than one year. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets which range from three to five years.

Leases Policy - Lessee

The Foundation determines if an arrangement is a lease at inception. Right-of-use (ROU) assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The lease may include renewal and termination options, which are included in the lease term when the Foundation is reasonably certain to exercise these options.

For all underlying classes of assets, the Foundation has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of twelve months or less at lease commencement and do not include an option to purchase the underlying asset that the Foundation is reasonably certain to exercise. The Foundation recognize fixed short-term lease cost on a straight-line basis over the lease term and variable lease cost in the period in which the obligation is incurred.

The Foundation elected for all classes of underlying assets, to use the risk-free rate as the discount rate if the implicit rate in the lease contract is not readily determinable. The Foundation elected for all classes of underlying assets to not separate the lease and non-lease components of a contract and to account for as a single lease component.

Allocation of Certain Expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or management and general or fundraising functions. Those expenses include salaries and wages, fringe benefits, occupancy and operating expenses. Salaries and wages and fringe benefits are allocated based on time spent. Occupancy and operating expenses are allocated based on square footage.

Income Taxes

NEF is exempt from income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. The Foundation has also been classified by the Internal Revenue Service as an entity which is not a private foundation. NEF UK is a registered company in England and Wales and is a registered charity that is exempt from corporation tax on its charitable activities. NEF BE is a registered international non-profit association in Belgium that is exempt from corporate tax on its non-profit activities. NEF Global, LLC and NEFdev are limited liability companies and disregarded entities.

Siraj Financial Services (SFS) was incorporated as a cooperative company and approved as a social enterprise. According to Belgian law, it is a for-profit entity subject to corporate and VAT tax. The board of directors is vested with the power to make dividend distributions, which are limited within Article 8:5 of the Belgian Companies and Associations Code (CAC).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Financial Information

The consolidated financial statements included certain prior-year summarized comparative information. With respect to the consolidated statement of activities and changes in net assets, the prior-year information is presented in total, not by net asset class. With respect to the consolidated statement of functional expenses, the prior-year expenses are presented by expense classification in total rather than functional category. 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 the Foundation's consolidated financial statements as of and for the year ended June 30, 2023, from which the summarized information was derived.

Program Development

Program development costs are expensed as incurred and are classified as fundraising in the accompanying consolidated statement of functional expenses. Total program development costs for the Foundation were \$354,908 and \$465,050 for the years ended June 30, 2024 and 2023, respectively.

Recently Adopted Accounting Guidance – Credit Losses

On July 1, 2023, the Foundation adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments).

The Foundation adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet (OBS) credit exposures. Results for reporting periods beginning after July 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The new accounting pronouncement did not have a material impact on the consolidated financial statements.

3. LIQUIDITY

The Foundation has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation's ability to meet cash needs is dependent on timely collection of its receivables and continued grant opportunities from federal and foreign governments.

The Foundation's financial assets available within one year of the consolidated statements of financial position date for general expenditures are as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 8,054,182	\$ 13,343,300
Accounts receivable	76,938	206,722
Current portion of loans receivable, net	1,661,607	1,440,499
Grants receivable	998,938	2,800,554
Investments	<u>11,253,333</u>	<u>6,258,530</u>
	22,044,998	24,049,605
Less those unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	<u>8,347,555</u>	<u>7,294,856</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 13,697,443</u>	<u>\$ 16,754,749</u>

In addition, the Foundation also has a committed line of credit in the amount of \$707,000 which it could draw upon in the event of an unanticipated liquidity need.

4. LOANS RECEIVABLE

Loans receivable consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Development	\$ 421,604	\$ 951,678
Micro	325,799	948,687
Agricultural	1,693,142	125,559
Growth	29,003	65,555
Emergency	32,617	36,846
Innovation	<u>55,170</u>	<u>-</u>
Total loans receivable	2,557,335	2,128,325
Allowance for loan losses	<u>(398,626)</u>	<u>(14,734)</u>
Total, net of allowance	\$ 2,158,709	\$ 2,113,591
Current, net of allowance	<u>1,661,607</u>	<u>1,440,499</u>
Long-term	<u>\$ 497,102</u>	<u>\$ 673,092</u>

4. LOANS RECEIVABLE (Continued)

The following tables present the classes of the loan portfolio summarized by past due status as of June 30:

2024						
	<u>Current</u>	<u>1-29 Days Past Due</u>	<u>30-59 Days Past Due</u>	<u>60-89 Days Past Due</u>	<u>Greater than 90 Days Past Due</u>	<u>Total Loans Receivable</u>
Development loans	\$ 404,241	\$ 6,228	\$ 3,455	\$ -	\$ 7,680	\$ 421,604
Microloans	307,385	5,597	3,501	-	9,316	325,799
Agricultural loans	1,537,718	36,695	35,668	29,728	53,333	1,693,142
Growth loans	29,003	-	-	-	-	29,003
Emergency loans	32,592	25	-	-	-	32,617
Innovation loans	<u>55,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,170</u>
Total	<u>\$ 2,366,109</u>	<u>\$ 48,545</u>	<u>\$ 42,624</u>	<u>\$ 29,728</u>	<u>\$ 70,329</u>	<u>\$ 2,557,335</u>
2023						
	<u>Current</u>	<u>1-29 Days Past Due</u>	<u>30-59 Days Past Due</u>	<u>60-89 Days Past Due</u>	<u>Greater than 90 Days Past Due</u>	<u>Total Loans Receivable</u>
Development loans	\$ 946,814	\$ -	\$ 251	\$ -	\$ 4,613	\$ 951,678
Microloans	933,178	-	4,818	-	10,691	948,687
Agricultural loans	125,559	-	-	-	-	125,559
Growth loans	65,555	-	-	-	-	65,555
Emergency loans	<u>36,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,846</u>
Total	<u>\$ 2,107,952</u>	<u>\$ -</u>	<u>\$ 5,069</u>	<u>\$ -</u>	<u>\$ 15,304</u>	<u>\$ 2,128,325</u>

Loans individually and collectively evaluated for impairment are as follows at June 30:

	<u>2024</u>	<u>2023</u>
Amount of allowance for loan losses on loans collectively evaluated for impairment	<u>\$ 398,626</u>	<u>\$ 14,734</u>
Total allowance for loan losses	<u>\$ 398,626</u>	<u>\$ 14,734</u>
Loans individually evaluated for impairment	\$ -	\$ -
Loans collectively evaluated for impairment	<u>2,557,335</u>	<u>2,128,325</u>
Total loans	<u>\$ 2,557,335</u>	<u>\$ 2,128,325</u>

There are no loans on nonaccrual status as of June 30, 2024 and 2023.

4. LOANS RECEIVABLE (Continued)

Activity in the allowance for loan losses is summarized as follows:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 14,734	\$ 12,591
Additions to provisions for loan loss reserve	399,171	13,495
Write-offs of loans deemed impaired or uncollectible	<u>(15,279)</u>	<u>(11,352)</u>
Balance at end of year	<u>\$ 398,626</u>	<u>\$ 14,734</u>

5. FAIR VALUE MEASUREMENTS

The following tables set forth by level, within the fair value hierarchy, the Foundation's investments at fair value on a recurring basis:

<u>June 30, 2024</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds	\$ 5,467,071	\$ -	\$ -	\$ 5,467,071
Common stocks	611,664	-	-	611,664
Mutual funds	1,351,095	-	-	1,351,095
Corporate bonds	-	2,391,796	-	2,391,796
Currency exchange rate options	<u>-</u>	<u>38,814</u>	<u>-</u>	<u>38,814</u>
	<u>\$ 7,429,830</u>	<u>\$ 2,430,610</u>	<u>\$ -</u>	9,860,440
Investments measured at NAV (a)				<u>1,431,707</u>
Total				<u>\$ 11,292,147</u>
<u>June 30, 2023</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds	\$ 3,897,295	\$ -	\$ -	\$ 3,897,295
Common stocks	322,891	-	-	322,891
Mutual funds	1,082,717	-	-	1,082,717
Corporate bonds	-	955,627	-	955,627
Currency exchange rate options	<u>-</u>	<u>292,179</u>	<u>-</u>	<u>292,179</u>
	<u>\$ 5,302,903</u>	<u>\$ 1,247,806</u>	<u>\$ -</u>	<u>\$ 6,550,709</u>

(a) Certain investments measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the consolidated statement of financial position.

6. INVESTMENTS

Investment income, net, consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 744,318	\$ 447,157
Realized (losses) gains on investments	(92,548)	67,945
Unrealized gains on investments	858,271	361,201
Investment fees	<u>(50,973)</u>	<u>(39,431)</u>
	<u>\$ 1,459,068</u>	<u>\$ 836,872</u>

7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
Vehicles	\$ 1,018,291	\$ 1,030,749
Office equipment	139,442	139,442
Leasehold improvements	41,317	41,317
Furniture and fixtures	<u>138,756</u>	<u>138,756</u>
	1,337,806	1,350,264
Less: Accumulated depreciation	<u>(1,262,914)</u>	<u>(1,228,217)</u>
	<u>\$ 74,892</u>	<u>\$ 122,047</u>

8. LEASES

The Foundation leases office space and related equipment. The leases are operating leases and expire between January 2025 and December 2029; however, there are various extensions of the terms. None of the options are considered reasonably certain of exercise and are therefore, not recognized as part of the right-of-use asset and lease liability.

The components of total lease cost are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 109,242	\$ 114,673
Short-term lease cost	<u>580,562</u>	<u>541,056</u>
Total lease cost	<u>\$ 689,804</u>	<u>\$ 655,729</u>

8. LEASES (Continued)

Supplemental cash flow information related to leases are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 103,001</u>	<u>\$ 107,974</u>
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	<u>\$ 22,357</u>	<u>\$ 630,549</u>

Other information related to leases as of June 30 is as follows:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term:		
Operating leases	5.30 years	6.28 years
Weighted-average discount rate:		
Operating leases	2.98%	2.93%

Maturities of operating lease liabilities as of June 30, 2024 were as follows:

2025	\$ 99,838
2026	98,500
2027	87,802
2028	89,032
2029	90,263
Thereafter	<u>45,439</u>
Total lease payments	510,874
Less: Interest	<u>(36,819)</u>
Total present value of lease liabilities	<u>\$ 474,055</u>

9. DEBT

Obligations under debt obligations consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Multiple disbursement finance agreement up to \$2,000,000 from a for-profit investment company. Financing is tied to a four-year results-based grant project to fund a vocational, entrepreneurship and resilience-building program in Jordan. Upon full distribution of funds, the finance agreement converts to a note payable with a lump-sum payment in full in December 2025. Principal repayment and the interest paid varies depending on outcomes obtained. At the lowest outcome, 20% of principal is waived and the note bears interest at 0%. At the highest outcome, full principal amount is due and the note bears interest at 22.009%. The repayment terms are linked with three outcome funders and the outcomes are rigorously assessed by an independent evaluator.	\$ 1,999,991	\$ 1,999,991
Multiple disbursement finance agreement up to \$10,000,000 from the United States International Development Finance Corporation. The financing is segregated in two tranches, the first beginning in 2022 for a project in Jordan totaling \$7,825,000. The second tranche has not been initiated as of June 30, 2024, and totals \$2,175,000 for a project in Lebanon. Financing is tied to a four-year results-based grant project to fund a vocational, entrepreneurship and resilience-building program in Jordan. Upon full distribution of funds, the finance agreement converts to a note payable with a lump-sum payment in full in December 2025. Principal repayment and the interest paid varies depending on outcomes obtained. At the lowest outcome, 20% of principal is waived and the note bears interest at 0%. At the highest outcome, full principal amount is due, and the note bears interest at 22.009%. The repayment terms are linked with three outcome funders and the outcomes are rigorously assessed by an independent evaluator.	7,825,000	7,825,000
	<u>\$ 9,824,991</u>	<u>\$ 9,824,991</u>

Future Maturities

The future scheduled maturities of debt are as follows for the years ended June 30:

2025	\$ -
2026	<u>9,824,991</u>
	<u>\$ 9,824,991</u>

9. DEBT (Continued)

Currency Exchange Rate Options

The Foundation has currency exchange rate option positions to reduce its risk of exposure to changes in currency exchange rates. Under the financing agreements, financing is provided and repaid in United States Dollar (USD), however, certain outcome funders are scheduled to make outcome payments in currencies other than USD. The currency exchange rate options effectively converts the variable exchange rates to a fixed rate at set intervals based on the committed scheduled payments of these outcome funders.

The options have been designated as cash flow hedges and are recorded at fair value as currency exchange rate options in the accompanying consolidated statement of financial position. Changes in value of the options determined to arise from ineffectiveness of the instrument, as determined through the hypothetical derivative method, are recorded as a component of interest expense in the consolidated statement of activities and changes in net assets. For 2023 and 2024, there was no significant ineffectiveness.

The fair values of the Foundation's currency exchange rate options are as follows:

Derivatives designated as <u>hedging instruments</u>	Statement of financial position <u>location</u>	Fair Value <u>June 30, 2024</u>	Fair Value <u>June 30, 2023</u>
Currency exchange rate options	Assets	\$ <u>38,814</u>	\$ <u>292,179</u>

The effect of the derivative instruments on the statement of activities and change in net assets are as follows for the year ended June 30:

Derivatives in fair value <u>hedging relationships</u>	Statement of activities and changes in net <u>assets location</u>	Amount recognized in <u>2024</u>	Amount recognized in <u>2023</u>
Currency exchange rate options	(Loss) gain on exchange rate options	\$ <u>(39,086)</u>	\$ <u>26,565</u>

Covenant Compliance

Under the terms of its financing arrangements with the for-profit investor and the United States International Development Finance Corporation, the Foundation is required to comply with certain restrictive financial covenants. The Foundation management has determined that it was not in compliance with the covenants at June 30, 2024 and 2023. The Foundation has obtained waivers from the for-profit investor and United States Development Finance Corporation for the violations.

Line of Credit

The Foundation has a line of credit agreement with a bank with the ability to draw up to \$707,000. Amounts borrowed under this agreement bear interest at the 20-day SOFR average plus 2.00%. There was no outstanding balance at either June 30, 2024 or 2023. The line of credit is secured by the Foundation's investment accounts.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with Donor Restrictions for Specific Purposes

At June 30, net assets identified by their specific purposes amounted to:

	<u>2024</u>	<u>2023</u>
NEF – Armenia	\$ 42,157	\$ 97,013
NEF – Jordan	30,586	277,694
NEF – Lebanon	25,508	103,869
NEF – Sudan	6,797	-
NEF – South Sudan	53,994	125,000
NEF – Syria	3,010,673	2,578,814
NEF – Iraq	527,403	-
NEF – Morocco	537,971	-
	<u>\$ 4,235,089</u>	<u>\$ 3,182,390</u>

The following represents assets released from restrictions:

	<u>2024</u>	<u>2023</u>
NEF – Armenia	\$ 54,141	\$ 980
NEF – Jordan	247,547	243,395
NEF – Lebanon	78,360	100,330
NEF – US	20,000	10,000
NEF – Sudan	7,744	193,057
NEF – South Sudan	425,175	-
NEF – Syria	1,178,238	672,787
NEF – Iraq	73,916	-
NEF – Morocco	961,291	236,122
	<u>\$ 3,046,412</u>	<u>\$ 1,456,671</u>

Perpetual Net Assets

The following net assets with donor restrictions represent principal of endowment gifts, which are to be invested in perpetuity, the income and gains from which are for the general purpose of the Foundation.

	<u>2024</u>	<u>2023</u>
Violet J. Jacobs Endowment Fund	<u>\$ 4,112,466</u>	<u>\$ 4,112,466</u>

The Foundation is subject to the New York Not-for-Profit Corporation Law. The Foundation has adopted investment and spending policies for endowment assets that attempt to maintain a surplus for the Foundation to allow for possible distributions for operating expenses for unusual or unexpected repairs and improvements to its physical plants. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of directors, the overriding objective is to maintain purchasing power.

10. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Perpetual Net Assets (Continued)

On March 5, 2010, a donor signed an agreement with the Foundation to provide cash totaling \$3,000,000 to establish an endowment in perpetuity, the income from which will be used to support the operations of the Foundation. The terms of the agreement require the Foundation to actively pursue building its board, and to establish a spending rate of 7% measured on June 30 of each year if the value of the endowment is greater than its corpus and 5% if it falls below the corpus.

Endowment net assets are classified as follows for the years ended June 30:

	<u>With Donor Restrictions</u>
Balance, July 1, 2022	\$ 4,112,466
Contributions	<u>-</u>
Balance, June 30, 2023	4,112,466
Contributions	<u>-</u>
Balance, June 30, 2024	<u>\$ 4,112,466</u>

From time to time, the fair value of assets associated with individual donor-restricted funds may fall below the level that the donor or relevant law requires the Foundation to retain as a fund of perpetual donation. There were no such deficiencies at June 30, 2024 and 2023.

11. EMPLOYEE RETENTION CREDITS

The Employee Retention Credit (ERC) is a refundable tax credit against certain employment taxes on a portion of qualified wages an eligible employer pays to employees after March 12, 2020, and before September 30, 2021. The ERC was established by the federal government in response to the COVID-19 pandemic to help businesses with the cost of keeping staff employed. The Foundation claimed ERC in 2023 for eligible wages expended in 2021 and believes the wages used in the calculation of its ERC are in accordance with the terms of the related legislation. Total ERC claimed in 2023 amounted to \$241,574 and is recorded in government grants and contracts in the accompanying consolidated statement of activities for the year ended June 30, 2023. There was no ERC claimed for the year ended June 30, 2024.

12. RETIREMENT PLAN

The Foundation has a defined contribution plan (the Plan) covering its eligible employees. The Plan allows employee elective contributions and employer contributions for eligible employees. Contributions to the Plan totaled \$157,626 and \$160,661 for the years ended June 30, 2024 and 2023, respectively.

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 31, 2025, the date the consolidated financial statements were available to be issued.

NEAR EAST FOUNDATION AND SUBSIDIARIES

Schedule I

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2024

(With Comparative Totals for 2023)

	NEF- US	NEF- UK	NEF- BE	SFS	Eliminations	2024	2023
ASSETS							
Cash and cash equivalents	\$ 3,279,786	\$ 3,887,701	\$ 882,369	\$ 4,326	\$ -	\$ 8,054,182	\$ 13,343,300
Escrows and reserves	-	6,437,343	-	-	-	6,437,343	2,584,995
Accounts receivable	60,502	8,178	8,258	-	-	76,938	206,722
Accounts receivable - intercompany	751,195	1,282,674	616,112	2,106,606	(4,756,587)	-	-
Loans receivable, net of allowance for credit loss of \$398,626 and \$14,734 as of June 30, 2024 and 2023, respectively	-	37,414	2,121,295	-	-	2,158,709	2,113,591
Grants and contracts receivable	121,381	448,453	429,104	-	-	998,938	2,800,554
Prepaid expenses and other assets	208,825	21,567	5,591	-	-	235,983	241,368
Investment in Siraj Financial Services	2,168	2,158	2,106,606	-	(2,110,932)	-	-
Investments	11,253,333	-	-	-	-	11,253,333	6,258,530
Currency exchange rate options	38,814	-	-	-	-	38,814	292,179
Right-of-use asset - operating leases	480,958	-	-	-	-	480,958	551,783
Property and equipment, net	42,915	31,977	-	-	-	74,892	122,047
Total assets	<u>\$ 16,239,877</u>	<u>\$ 12,157,465</u>	<u>\$ 6,169,335</u>	<u>\$ 2,110,932</u>	<u>\$ (6,867,519)</u>	<u>\$ 29,810,090</u>	<u>\$ 28,515,069</u>
LIABILITIES AND NET ASSETS							
LIABILITIES:							
Accounts payable and accrued expenses	\$ 2,016,505	\$ 283,070	\$ 198,255	\$ -	\$ -	\$ 2,497,830	\$ 2,080,494
Accounts payable - intercompany	1,865,090	450,102	2,441,395	-	(4,756,587)	-	-
Refundable advances	702,276	607,645	1,054,821	-	-	2,364,742	7,614,373
Operating lease liability	474,055	-	-	-	-	474,055	539,653
Debt	-	9,824,991	-	-	-	9,824,991	9,824,991
Total liabilities	<u>5,057,926</u>	<u>11,165,808</u>	<u>3,694,471</u>	<u>-</u>	<u>(4,756,587)</u>	<u>15,161,618</u>	<u>20,059,511</u>
NET ASSETS:							
Without donor restrictions	6,419,661	362,204	(480,948)	2,110,932	(2,110,932)	6,300,917	1,160,702
With donor restrictions	<u>4,762,290</u>	<u>629,453</u>	<u>2,955,812</u>	<u>-</u>	<u>-</u>	<u>8,347,555</u>	<u>7,294,856</u>
Total net assets	<u>11,181,951</u>	<u>991,657</u>	<u>2,474,864</u>	<u>2,110,932</u>	<u>(2,110,932)</u>	<u>14,648,472</u>	<u>8,455,558</u>
Total liabilities and net assets	<u>\$ 16,239,877</u>	<u>\$ 12,157,465</u>	<u>\$ 6,169,335</u>	<u>\$ 2,110,932</u>	<u>\$ (6,867,519)</u>	<u>\$ 29,810,090</u>	<u>\$ 28,515,069</u>

The accompanying notes are an integral part of these schedules.

NEAR EAST FOUNDATION AND SUBSIDIARIES

Schedule II

CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

	Near East Foundation - US			Near East Foundation - UK			Near East Foundation - BE			Siraj Financial Services					
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	2024	2023
REVENUE AND OTHER SUPPORT:															
Contributions	\$ 6,266,477	\$ 1,519,361	\$ 7,785,838	\$ 68,995	\$ 645,793	\$ 714,788	\$ 135,054	\$ -	\$ 135,054	\$ -	\$ -	\$ -	\$ -	\$ 8,635,680	\$ 1,878,396
Government grants and contracts	4,397,605	-	4,397,605	4,795,631	-	4,795,631	6,036,568	1,933,957	7,970,525	-	-	-	-	17,163,761	17,627,194
Private grants	-	-	-	229,226	-	229,226	400,695	-	400,695	-	-	-	-	629,921	184,156
Investment income, net	968,226	-	968,226	490,892	-	490,892	-	-	-	-	-	-	-	1,459,118	836,872
Other income (expenses)	1,363	-	1,363	(66)	-	(66)	(307)	-	(307)	-	-	-	-	990	4,806
Net assets released from restrictions	1,352,763	(1,352,763)	-	607,986	(607,986)	-	1,085,663	(1,085,663)	-	-	-	-	-	-	-
Total revenue and other support	12,986,434	166,598	13,153,032	6,192,664	37,807	6,230,471	7,657,673	848,294	8,505,967	-	-	-	-	27,889,470	20,531,424
EXPENSES:															
Direct program services	4,734,335	-	4,734,335	5,274,832	-	5,274,832	7,452,619	-	7,452,619	-	-	-	-	17,461,786	14,931,008
Program administration	1,802,707	-	1,802,707	210,904	-	210,904	205,060	-	205,060	-	-	-	-	2,218,671	2,481,784
Total program services	6,537,042	-	6,537,042	5,485,736	-	5,485,736	7,657,679	-	7,657,679	-	-	-	-	19,680,457	17,412,792
Management and general	514,058	-	514,058	252,552	-	252,552	300,876	-	300,876	-	-	-	-	1,067,486	925,093
Fundraising	580,080	-	580,080	63,330	-	63,330	104,714	-	104,714	-	-	-	-	748,124	758,470
Total expenses	7,631,180	-	7,631,180	5,801,618	-	5,801,618	8,063,269	-	8,063,269	-	-	-	-	21,496,067	19,096,355
CHANGE IN NET ASSETS BEFORE GAIN ON CURRENCY EXCHANGE RATE OPTIONS AND FOREIGN CURRENCY TRANSLATION ADJUSTMENT	5,355,254	166,598	5,521,852	391,046	37,807	428,853	(405,596)	848,294	442,698	-	-	-	-	6,393,403	1,435,069
GAIN/(LOSS) ON CURRENCY EXCHANGE RATE OPTIONS	(156,280)	-	(156,280)	117,194	-	117,194	-	-	-	-	-	-	-	(39,086)	26,565
FOREIGN CURRENCY TRANSLATION ADJUSTMENT	352,901	-	352,901	(418,372)	-	(418,372)	(95,932)	-	(95,932)	-	-	-	-	(161,403)	(100,997)
CHANGE IN NET ASSETS	5,551,875	166,598	5,718,473	89,868	37,807	127,675	(501,528)	848,294	346,766	-	-	-	-	6,192,914	1,360,637
NET ASSETS - beginning of year	867,786	4,595,692	5,463,478	272,336	591,646	863,982	20,580	2,107,518	2,128,098	-	-	-	-	8,455,558	7,094,921
INVESTMENT IN SIRAJ FINANCIAL SERVICES	-	-	-	-	-	-	-	-	-	2,110,932	-	2,110,932	(2,110,932)	-	-
NET ASSETS - end of year	\$ 6,419,661	\$ 4,762,290	\$ 11,181,951	\$ 362,204	\$ 629,453	\$ 991,657	\$ (480,948)	\$ 2,955,812	\$ 2,474,864	\$ 2,110,932	\$ -	\$ 2,110,932	\$ (2,110,932)	\$ 14,648,472	\$ 8,455,558

The accompanying notes are an integral part of these schedules.

NEAR EAST FOUNDATION AND SUBSIDIARIES

CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2024 (With Comparative Totals for 2023)

	Near East Foundation - US						Near East Foundation - UK		
	Direct Program Services	Program Administration	Total Program Services	Management and General	Fundraising	Total	Direct Program Services	Program Administration	Total Program Services
SALARIES AND RELATED EXPENSES:									
Salaries and wages	\$ 1,036,746	\$ 826,011	\$ 1,862,757	\$ 542,301	\$ 392,326	\$ 2,797,384	\$ 1,282,558	\$ 16,493	\$ 1,299,051
Fringe benefits	<u>287,362</u>	<u>131,394</u>	<u>418,756</u>	<u>178,959</u>	<u>124,310</u>	<u>722,025</u>	<u>421,334</u>	<u>6,529</u>	<u>427,863</u>
Total salaries and related expenses	1,324,108	957,405	2,281,513	721,260	516,636	3,519,409	1,703,892	23,022	1,726,914
Occupancy and operating expenses	297,196	814,809	1,112,005	124,836	30,161	1,267,002	220,141	73,758	293,899
Travel	100,672	143,864	244,536	128,708	21,817	395,061	261,984	9,251	271,235
Equipment and furniture	5,652	23,596	29,248	682	2,144	32,074	22,513	(699)	21,814
Program activities	2,322,443	15,059	2,337,502	-	3,122	2,340,624	3,037,600	12,881	3,050,481
Sub-awards	684,264	-	684,264	-	-	684,264	28,108	-	28,108
Management fee	-	(163,387)	(163,387)	(461,428)	-	(624,815)	-	63,097	63,097
Credit loss expense	-	-	-	-	-	-	594	-	594
Depreciation	<u>-</u>	<u>11,361</u>	<u>11,361</u>	<u>-</u>	<u>6,200</u>	<u>17,561</u>	<u>-</u>	<u>29,594</u>	<u>29,594</u>
Total expenses	<u>\$ 4,734,335</u>	<u>\$ 1,802,707</u>	<u>\$ 6,537,042</u>	<u>\$ 514,058</u>	<u>\$ 580,080</u>	<u>\$ 7,631,180</u>	<u>\$ 5,274,832</u>	<u>\$ 210,904</u>	<u>\$ 5,485,736</u>

Near East Foundation - BE									Siraj Financial Services			
Management and General	Fundraising	Total	Direct Program Services	Program Administration	Total Program Services	Management and General	Fundraising	Total	Total	Eliminations	2024	2023
\$ 9,893	\$ 32,305	\$ 1,341,249	\$ 2,357,927	\$ 32,159	\$ 2,390,086	\$ -	\$ 83,116	\$ 2,473,202	\$ -	\$ -	\$ 6,611,835	\$ 6,082,820
2,160	7,518	437,541	616,047	16,088	632,135	-	21,055	653,190	-	-	1,812,756	2,144,373
12,053	39,823	1,778,790	2,973,974	48,247	3,022,221	-	104,171	3,126,392	-	-	8,424,591	8,227,193
56,541	13,851	364,291	405,220	45,803	451,023	17,244	543	468,810	-	-	2,100,103	1,647,822
5,223	1,057	277,515	292,549	6,060	298,609	400	-	299,009	-	-	971,585	841,302
539	-	22,353	29,544	3,323	32,867	-	-	32,867	-	-	87,294	193,623
-	8,599	3,059,080	2,989,092	1,337	2,990,429	-	-	2,990,429	-	-	8,390,133	7,578,451
-	-	28,108	363,663	-	363,663	-	-	363,663	-	-	1,076,035	492,800
178,196	-	241,293	-	100,290	100,290	283,232	-	383,522	-	-	-	-
-	-	594	398,577	-	398,577	-	-	398,577	-	-	399,171	13,495
-	-	29,594	-	-	-	-	-	-	-	-	47,155	101,669
<u>\$ 252,552</u>	<u>\$ 63,330</u>	<u>\$ 5,801,618</u>	<u>\$ 7,452,619</u>	<u>\$ 205,060</u>	<u>\$ 7,657,679</u>	<u>\$ 300,876</u>	<u>\$ 104,714</u>	<u>\$ 8,063,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,496,067</u>	<u>\$ 19,096,355</u>

The accompanying notes are an integral part of these schedules.

NEAR EAST FOUNDATION AND SUBSIDIARIES

Schedule IV

**CONSOLIDATING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**
(With Comparative Totals for 2023)

	Near East Foundation - US	Near East Foundation - UK	Near East Foundation - BE	Siraj Financial Services	Eliminations	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES:							
Change in net assets before foreign currency translation adjustment	\$ 5,365,572	\$ 546,047	\$ 442,698	\$ -	\$ -	\$ 6,354,317	\$ 1,461,634
Adjustments to reconcile change in net assets before foreign currency translation adjustment to net cash flow from operating activities:							
Depreciation	17,561	29,594	-	-	-	47,155	101,669
Credit loss expense	-	594	398,577	-	-	399,171	13,495
Write-offs of loans receivable	-	-	(15,279)	-	-	(15,279)	(11,352)
Realized and unrealized (gains) losses on investments	(765,723)	-	-	-	-	(765,723)	(429,146)
Realized gains on currency exchange rate options	-	(117,194)	-	-	-	(117,194)	(37,228)
Unrealized (gains) losses on currency exchange rate options	156,280	-	-	-	-	156,280	10,679
Operating leases	5,227	-	-	-	-	5,227	(12,130)
Changes in:							
Accounts receivable	47,167	54,868	27,749	-	-	129,784	(37,329)
Accounts receivable - intercompany	(751,195)	1,013,197	896,091	(2,106,606)	948,513	-	-
Grants and contracts receivable	(111,600)	1,751,778	161,438	-	-	1,801,616	(1,654,677)
Prepaid expenses and other assets	3,035	(4,791)	7,141	-	-	5,385	(46,172)
Accounts payable and accrued expenses	257,283	23,732	136,321	-	-	417,336	1,203,366
Accounts payable - intercompany	(1,942,984)	450,102	2,441,395	-	(948,513)	-	-
Refundable advances	113,128	(1,258,588)	(4,104,171)	-	-	(5,249,631)	5,611,221
Net cash flow from operating activities	2,393,751	2,489,339	391,960	(2,106,606)	-	3,168,444	6,174,030
CASH FLOW FROM INVESTING ACTIVITIES:							
Purchases of property and equipment	-	-	-	-	-	-	(32,916)
Issuance of loans	-	-	(2,331,067)	-	-	(2,331,067)	(2,499,972)
Repayment of loans	-	61,227	1,840,830	-	-	1,902,057	751,710
Proceeds from currency exchange rate options	97,085	117,194	-	-	-	214,279	61,202
Proceeds from sales of investments	4,768,110	-	-	-	-	4,768,110	954,762
Purchase of investments	(8,997,190)	-	-	-	-	(8,997,190)	(931,053)
Investment in Siraj Financial Services	(2,168)	(2,158)	(2,106,606)	2,110,932	-	-	-
Net cash flow from investing activities	(4,134,163)	176,263	(2,596,843)	2,110,932	-	(4,443,811)	(1,696,267)
CASH FLOW FROM FINANCING ACTIVITIES:							
Borrowings on line of credit	-	-	-	-	-	-	251,875
Repayment of line of credit	-	-	-	-	-	-	(502,098)
Borrowings on debt	-	-	-	-	-	-	3,831,741
Net cash flow from financing activities	-	-	-	-	-	-	3,581,518
CHANGE IN CASH, CASH EQUIVALENTS, ESCROWS AND RESERVES BEFORE EFFECT OF EXCHANGE RATE CHANGES	(1,740,412)	2,665,602	(2,204,883)	4,326	-	(1,275,367)	8,059,281
CASH, CASH EQUIVALENTS, ESCROWS AND RESERVES - beginning of year	4,667,297	8,077,814	3,183,184	-	-	15,928,295	7,970,011
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS, ESCROWS AND RESERVES	352,901	(418,372)	(95,932)	-	-	(161,403)	(100,997)
CASH, CASH EQUIVALENTS, ESCROWS AND RESERVES - end of year	\$ 3,279,786	\$ 10,325,044	\$ 882,369	\$ 4,326	\$ -	\$ 14,491,525	\$ 15,928,295

The accompanying notes are an integral part of these schedules.

NEAR EAST FOUNDATION AND SUBSIDIARIES

Schedule V

**SCHEDULE OF DIRECT PROGRAM SERVICES BY LOCATION
FOR THE YEAR ENDING JUNE 30, 2024**

(With Comparative Totals for 2023)

	<u>Near East Foundation</u>	<u>Near East Foundation - UK</u>	<u>Near East Foundation - BE</u>	<u>Siraj Financial Services</u>	<u>2024</u>	<u>2023</u>
Armenia	\$ -	\$ 48,643	\$ 760,812	\$ -	\$ 809,455	\$ 592,250
Belgium	-	-	266,189	-	266,189	89,473
Iraq	24,116	13,061	3,251,102	-	3,288,279	691,433
Jordan	108,871	1,499,754	6,914	-	1,615,539	3,128,578
Jordan Regional	19,032	236,044	2,001,059	-	2,256,135	1,691,429
Lebanon	2,478,962	-	179,553	-	2,658,515	2,508,956
Mali	-	2,006,895	371,450	-	2,378,345	2,327,075
Morocco	902,222	-	-	-	902,222	248,934
Sudan	792,683	419,293	-	-	1,211,976	1,947,409
South Sudan	-	651,727	-	-	651,727	247,621
New York	329,878	335,730	369,288	-	1,034,896	981,582
London	<u>78,571</u>	<u>63,685</u>	<u>246,252</u>	<u>-</u>	<u>388,508</u>	<u>476,268</u>
	<u>\$ 4,734,335</u>	<u>\$ 5,274,832</u>	<u>\$ 7,452,619</u>	<u>\$ -</u>	<u>\$ 17,461,786</u>	<u>\$ 14,931,008</u>

The accompanying notes are an integral part of these schedules.

NEAR EAST FOUNDATION AND SUBSIDIARIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2024

<u>Federal Grantor/Program Title</u>	<u>Assistance Listing</u>	<u>Award Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF STATE:			
Integrated Economic and Psychosocial Support for Vulnerable Refugees and Lebanese (IEPS)	19.519	SPRMCO22CA0180	\$ 438,614
Integrated Economic and Psychosocial Support for Vulnerable Refugees and Lebanese (IEPS Y2)	19.519	SPRMCO23CA0227	<u>2,651,776</u>
TOTAL OVERSEAS REFUGEE ASSISTANCE PROGRAM FOR NEAR EAST AND SOUTH ASIA			<u>3,090,390</u>
Growing YCII	19.301	SAQMIP23CA0296	<u>118,068</u>
TOTAL SECRETARY'S OFFICE OF THE GLOBAL PARTNERSHIP INITIATIVE (S/GPI) GRANT PROGRAMS			<u>118,068</u>
TOTAL DEPARTMENT OF STATE			<u>3,208,458</u>
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT FOREIGN ASSISTANCE FOR PROGRAMS OVERSEAS:			
Humanitarian Support for IDPs and Vulnerable Populations in Water, Sanitation, Hygiene and Agriculture in Sudan (HSS III)	98.001	720BHA21GR00081	<u>302,573</u>
TOTAL U.S. AID FOREIGN ASSISTANCE FOR PROGRAMS OVERSEAS			<u>302,573</u>
TOTAL U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT FOREIGN ASSISTANCE FOR PROGRAMS OVERSEAS			<u>302,573</u>
TOTAL			<u>\$ 3,511,031</u>

NEAR EAST FOUNDATION AND SUBSIDIARIES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2024

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2. EXPENDITURES OF FEDERAL REVENUE

The amounts reported as expenditures of federal awards were obtained from the accounting records utilized to record activity for the applicable program and periods. These accounting records are periodically reconciled to the appropriate federal financial reports for each program.

3. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports for each program. The Foundation charges indirect costs to its contracts using the current provisional rate effective from July 1, 2023 through June 30, 2024. The Foundation has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

4. MATCHING COSTS

Matching costs, i.e., the Foundation's share of certain program costs, are not included in the reported expenditures.

5. SUBRECIPIENTS

The Foundation does not have any subrecipients of federal awards.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

March 31, 2025

To the Board of Directors of the
Near East Foundation and Subsidiaries:

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 consolidated financial statements of the Near East Foundation and Subsidiaries (the Foundation) (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 31, 2025. The financial statements of NEF Belgium and the local operations in Jordan and Jordan Regional were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with NEF Belgium and the local operations in Jordan and Jordan Regional. Our report includes a reference to other auditors who audited the financial statements of NEF Belgium and of the local operations in Jordan and Jordan Regional, as described in our report on the Foundation's consolidated financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Foundation'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

432 North Franklin Street, #60
Syracuse, NY 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

(Continued)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

(Continued)

Report on Internal Control Over Financial Reporting (Continued)

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 Foundation's consolidated 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's consolidated 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 the Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

March 31, 2025

To the Board of Directors of the
Near East Foundation and Subsidiaries:

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Program

We have audited Near East Foundation and Subsidiaries' (the Foundation) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Foundation's major federal program for the year ended June 30, 2024. The Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation 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 June 30, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(Continued)

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

NEAR EAST FOUNDATION AND SUBSIDIARIES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Auditor's report issued on whether the consolidated financial statements are reported in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?	_____	yes	_____ <input checked="" type="checkbox"/>	no
Significant deficiencies identified that are not considered to be material weaknesses?	_____	yes	_____ <input checked="" type="checkbox"/>	none reported
Noncompliance material to financial statements noted?	_____	yes	_____ <input checked="" type="checkbox"/>	no

FEDERAL AWARDS

Internal control over major programs:

Material weaknesses identified?	_____	yes	_____ <input checked="" type="checkbox"/>	no
Significant deficiencies identified that are not considered to be material weaknesses?	_____	yes	_____ <input checked="" type="checkbox"/>	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 the Uniform Guidance:

_____ ☒ yes _____ ☒ no

The programs tested as major programs include:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
19.519	OVERSEAS REFUGEE ASSISTANCE PROGRAM FOR NEAR EAST AND SOUTH ASIA

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

\$750,000

Auditee qualified as low-risk auditee?

_____ ☒ yes _____ ☐ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.