

**NEAR EAST FOUNDATION AND SUBSIDIARIES**

**Consolidated Financial Statements and  
Supplementary Information as of  
June 30, 2025  
Together with  
Independent Auditor's Report**

# NEAR EAST FOUNDATION AND SUBSIDIARIES

## TABLE OF CONTENTS

---

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS:	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities and Changes in Net Assets	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 25
SUPPLEMENTARY INFORMATION:	
Consolidating Schedule of Financial Position	26
Consolidating Schedule of Activities and Changes in Net Assets	27
Consolidating Schedule of Functional Expenses	28
Consolidating Schedule of Cash Flows	29
Schedule of Direct Program Services by Location	30
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	31 - 32
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	33 - 35
Schedule of Expenditures of Federal Awards	36
Notes to Schedule of Expenditures of Federal Awards	37
Schedule of Findings and Questioned Costs	38 - 39

## **INDEPENDENT AUDITOR'S REPORT**

May 15, 2026

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, 2025, 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, 2025, 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 Syria, which statements reflect total assets of \$10,879,000 and total net assets of \$3,250,642, as of June 30, 2025 and total revenue and other support of \$12,748,280, 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 Syria is based solely on the reports of the other auditors. The financial statements of NEF BE and of the local operations in Jordan and Syria 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](http://www.bonadio.com)

(Continued)

## INDEPENDENT AUDITOR'S REPORT

(Continued)

### ***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 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 31, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 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 2025 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 schedule of expenditures of federal awards and Schedules I through V are 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 May 15, 2026, 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, 2025

(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,719,294	\$ 8,054,182
Escrows and reserves	7,961,911	6,437,343
Accounts receivable	366,925	76,938
Loans receivable, net of allowance for credit losses of \$435,567 and \$398,626 as of June 30, 2025 and 2024, respectively	2,362,656	2,158,709
Grants and contract receivable	4,135,053	998,938
Prepaid expenses and other assets	309,784	235,983
Investments	11,813,643	11,292,147
Right-of-use asset - operating leases	388,868	480,958
Property and equipment, net	47,791	74,892
	<u>31,105,925</u>	<u>29,810,090</u>
Total assets	<u>\$ 31,105,925</u>	<u>\$ 29,810,090</u>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 2,342,807	\$ 2,497,830
Line of credit	259,835	-
Refundable advances	2,297,922	2,364,742
Operating lease liabilities	385,961	474,055
Debt	9,824,991	9,824,991
	<u>15,111,516</u>	<u>15,161,618</u>
Total liabilities	<u>15,111,516</u>	<u>15,161,618</u>
NET ASSETS:		
Without donor restrictions	5,147,717	6,300,917
With donor restrictions	10,846,692	8,347,555
	<u>15,994,409</u>	<u>14,648,472</u>
Total net assets	<u>15,994,409</u>	<u>14,648,472</u>
Total liabilities and net assets	<u>\$ 31,105,925</u>	<u>\$ 29,810,090</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, 2025

(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
<b>REVENUE AND OTHER SUPPORT:</b>				
Contributions	\$ 3,352,516	\$ 2,323,078	\$ 5,675,594	\$ 8,635,680
Government grants and contracts	11,262,566	3,319,301	14,581,867	17,163,761
Private grants	1,078,716	-	1,078,716	629,921
Investment income, net	1,522,001	-	1,522,001	1,459,118
Other income	5,376	-	5,376	990
Net assets released from restrictions	<u>3,143,242</u>	<u>(3,143,242)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>20,364,417</u>	<u>2,499,137</u>	<u>22,863,554</u>	<u>27,889,470</u>
<b>EXPENSES:</b>				
Direct program services	16,104,839	-	16,104,839	17,461,786
Program administration	<u>3,778,808</u>	<u>-</u>	<u>3,778,808</u>	<u>2,218,671</u>
Total program services	<u>19,883,647</u>	<u>-</u>	<u>19,883,647</u>	<u>19,680,457</u>
Management and general	1,007,109	-	1,007,109	1,067,486
Fundraising	<u>664,010</u>	<u>-</u>	<u>664,010</u>	<u>748,124</u>
Total expenses	<u>21,554,766</u>	<u>-</u>	<u>21,554,766</u>	<u>21,496,067</u>
CHANGE IN NET ASSETS BEFORE FOREIGN CURRENCY TRANSLATION ADJUSTMENT	(1,190,349)	2,499,137	1,308,788	6,393,403
FOREIGN CURRENCY TRANSLATION ADJUSTMENT	<u>37,149</u>	<u>-</u>	<u>37,149</u>	<u>(200,489)</u>
CHANGE IN NET ASSETS	(1,153,200)	2,499,137	1,345,937	6,192,914
NET ASSETS - beginning of year	<u>6,300,917</u>	<u>8,347,555</u>	<u>14,648,472</u>	<u>8,455,558</u>
NET ASSETS - end of year	<u>\$ 5,147,717</u>	<u>\$ 10,846,692</u>	<u>\$ 15,994,409</u>	<u>\$ 14,648,472</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, 2025

(With Comparative Totals for 2024)

	Direct Program <u>Services</u>	Program <u>Administration</u>	Total Program <u>Services</u>	Management <u>and General</u>	<u>Fundraising</u>	2025 <u>Total</u>	2024 <u>Total</u>
SALARIES AND RELATED EXPENSES:							
Salaries and wages	\$ 4,579,344	\$ 1,842,843	\$ 6,422,187	\$ 600,910	\$ 453,226	\$ 7,476,323	\$ 6,611,835
Fringe benefits	1,003,614	222,086	1,225,700	125,679	136,535	1,487,914	1,812,756
Total salaries and related expenses	5,582,958	2,064,929	7,647,887	726,589	589,761	8,964,237	8,424,591
Occupancy and operating expenses	1,299,206	1,347,789	2,646,995	210,966	52,352	2,910,313	2,100,103
Travel	522,378	246,506	768,884	65,122	18,575	852,581	971,585
Equipment and furniture	48,425	22,064	70,489	4,432	-	74,921	87,294
Program activities	7,918,592	68,132	7,986,724	-	3,322	7,990,046	8,390,133
Sub-awards	696,281	-	696,281	-	-	696,281	1,076,035
Credit loss expense	36,999	-	36,999	-	-	36,999	399,171
Depreciation	-	29,388	29,388	-	-	29,388	47,155
	<u>\$ 16,104,839</u>	<u>\$ 3,778,808</u>	<u>\$ 19,883,647</u>	<u>\$ 1,007,109</u>	<u>\$ 664,010</u>	<u>\$ 21,554,766</u>	<u>\$ 21,496,067</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, 2025

(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Change in net assets before foreign currency translation adjustment	\$ 1,308,788	\$ 6,393,403
Adjustments to reconcile change in net assets before foreign currency translation adjustment to net cash flow from operating activities:		
Depreciation	42,994	47,155
Credit loss expense	36,999	399,171
Write-offs of loans receivable	(58)	(15,279)
Realized and unrealized gain on investments	(869,151)	(765,723)
Operating leases	3,996	5,227
Changes in:		
Accounts receivable	(289,987)	129,784
Grants and contracts receivable	(3,136,115)	1,801,616
Prepaid expenses and other assets	(34,987)	5,385
Accounts payable and accrued expenses	(155,023)	417,336
Refundable advances	(66,820)	(5,249,631)
Net cash flow from operating activities	<u>(3,159,364)</u>	<u>3,168,444</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(15,893)	-
Issuance of loans	(2,812,119)	(2,331,067)
Repayment of loans	2,571,231	1,902,057
Proceeds from sales of investments	3,235,366	4,982,389
Purchase of investments	<u>(2,926,525)</u>	<u>(8,997,190)</u>
Net cash flow from investing activities	<u>52,060</u>	<u>(4,443,811)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Borrowings on line of credit	350,000	-
Repayment of line of credit	<u>(90,165)</u>	<u>-</u>
Net cash flow from financing activities	<u>259,835</u>	<u>-</u>
CHANGE IN CASH, CASH EQUIVALENTS, ESCROWS AND RESERVES BEFORE EFFECT OF EXCHANGE RATE CHANGES	(2,847,469)	(1,275,367)
CASH, CASH EQUIVALENTS, ESCROWS AND RESERVES - beginning of year	14,491,525	15,928,295
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS, ESCROWS AND RESERVES	<u>37,149</u>	<u>(161,403)</u>
CASH, CASH EQUIVALENTS, ESCROWS AND RESERVES - end of year	<u>\$ 11,681,205</u>	<u>\$ 14,491,525</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid	<u>\$ 19,335</u>	<u>\$ 309</u>

The accompanying notes are an integral part of these statements.

# NEAR EAST FOUNDATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025

(With Comparative Totals for 2024)

---

### 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, 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 BE 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 NEF in exchange of a cash contribution in the amount of 1,966.09 EUR and 1 class C share was granted to NEF 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 NEF. NEFdev and NEF Global, LLC has no activity for the years ended June 30, 2025 and 2024.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Principles of Consolidation

The consolidated financial statements include NEF, NEF UK, NEF BE, 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 in perpetuity. 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 market rates 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 a reconciliation of amounts reported within the consolidated statements of financial position that sum to the same such amounts shown in the consolidated statement of cash flows at June 30:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 3,719,294	\$ 8,054,182	\$ 13,343,300
Escrows and reserves	<u>7,961,911</u>	<u>6,437,343</u>	<u>2,584,995</u>
Total	<u>\$ 11,681,205</u>	<u>\$ 14,491,525</u>	<u>\$ 15,928,295</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, 2025 and 2024. 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 and Iraq. 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, 2025 and 2024 was \$36,999 and \$399,171 respectively.

### Grants and Contract Receivables 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, 2025 and 2024, management has determined based on review, that all amounts are fully collectible and no allowance for doubtful accounts 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, 2025:

Lebanon	\$	3,732,361
Mali		751,299
Sudan		500,078
Syria		3,733,061
Jordan		2,498,159
Morocco		60,000
Iraq		<u>872,762</u>
Total	\$	<u>12,147,720</u>

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 years ended June 30, 2025 and 2024 from U.S. Government awards was approximately \$1,500,000 and \$3,500,000, respectively. 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.

## 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. 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.

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.

### **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.

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, mutual funds and U.S. Treasury bills are based on quoted prices in an open market.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Fair Value Measurement (Continued)**

#### 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 2025 or 2024.

## 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.

### **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 \$391,336 and \$354,908 for the years ended June 30, 2025 and 2024, respectively.

### **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 accordance with GAAP. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements as of and for the year ended June 30, 2024, from which the summarized information was derived.

### Reclassifications

Certain amounts in the 2024 financial statements have been reclassified to conform to the current year presentation.

## 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>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 3,719,294	\$ 8,054,182
Accounts receivable	366,925	76,938
Current portion of loans receivable, net	1,425,245	1,661,607
Grants and contract receivable	4,135,053	998,938
Investments	<u>11,813,643</u>	<u>11,292,147</u>
	21,460,160	22,083,812
Less those unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	<u>(10,846,692)</u>	<u>(8,347,555)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,613,468</u>	<u>\$ 13,736,257</u>

In addition, the Foundation maintains a committed line of credit with a total capacity of \$707,000, of which \$259,835 was outstanding at June 30, 2025, leaving \$447,165 available to be drawn upon in the event of an unanticipated liquidity need. No amounts were outstanding on the line of credit at June 30, 2024.

#### 4. LOANS RECEIVABLE

Loans receivable consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Development	\$ 235,551	\$ 421,604
Micro	196,589	325,799
Agricultural	1,871,563	1,693,142
Growth	16,150	29,003
Emergency	7,750	32,617
Innovation	<u>470,620</u>	<u>55,170</u>
Total	2,798,223	2,557,335
Allowance for loan losses	<u>(435,567)</u>	<u>(398,626)</u>
Total, net of allowance	2,362,656	2,158,709
Current, net of allowance	<u>1,425,245</u>	<u>1,661,607</u>
Long-term	<u>\$ 937,411</u>	<u>\$ 497,102</u>

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

	<u>2025</u>					<u>Total Loans Receivable</u>
	<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>	
Development	\$ 203,501	\$ 7,885	\$ 10,520	\$ 2,905	\$ 10,740	\$ 235,551
Micro	182,999	1,860	1,740	1,590	8,400	196,589
Agricultural	1,445,964	147,785	75,960	38,837	163,017	1,871,563
Growth	16,150	-	-	-	-	16,150
Emergency	3,820	1,470	360	-	2,100	7,750
Innovation	<u>366,390</u>	<u>22,700</u>	<u>5,000</u>	<u>60,780</u>	<u>15,750</u>	<u>470,620</u>
Total	<u>\$ 2,218,824</u>	<u>\$ 181,700</u>	<u>\$ 93,580</u>	<u>\$ 104,112</u>	<u>\$ 200,007</u>	<u>\$ 2,798,223</u>
	<u>2024</u>					
	<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	\$ 404,241	\$ 6,228	\$ 3,455	\$ -	\$ 7,680	\$ 421,604
Micro	307,385	5,597	3,501	-	9,316	325,799
Agricultural	1,537,718	36,695	35,668	29,728	53,333	1,693,142
Growth	29,003	-	-	-	-	29,003
Emergency	32,592	25	-	-	-	32,617
Innovation	<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>

#### 4. LOANS RECEIVABLE (Continued)

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

	<u>2025</u>	2024
Amount of allowance for credit losses on loans collectively evaluated for impairment	\$ <u>435,567</u>	\$ <u>398,626</u>
Total allowance for credit losses	\$ <u>435,567</u>	\$ <u>398,626</u>
Loans individually evaluated for impairment	\$ -	\$ -
Loans collectively evaluated for impairment	<u>2,798,223</u>	<u>2,557,335</u>
	<u>\$ 2,798,223</u>	<u>\$ 2,557,335</u>

There are no loans on nonaccrual status as of June 30, 2025 and 2024.

Allowance for credit losses activity for the years ended June 30 is as follows:

	<u>2025</u>	<u>2024</u>
Balance at beginning of year	\$ 398,626	\$ 14,734
Additions to provisions for loan loss reserve	36,999	399,171
Write-offs of loans deemed impaired or uncollectible	<u>(58)</u>	<u>(15,279)</u>
	<u>\$ 435,567</u>	<u>\$ 398,626</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, 2025</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds	\$ 5,625,543	\$ -	\$ -	\$ 5,625,543
Common stocks	648,996	-	-	648,996
Mutual funds	1,651,628	-	-	1,651,628
U.S. Treasury bills	39,853	-	-	39,853
Corporate bonds	<u>-</u>	<u>2,379,600</u>	<u>-</u>	<u>2,379,600</u>
	<u>\$ 7,966,020</u>	<u>\$ 2,379,600</u>	<u>\$ -</u>	10,345,620
Investments measured at NAV (a)				<u>1,468,023</u>
				<u>\$11,813,643</u>

## 5. FAIR VALUE MEASUREMENTS (Continued)

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

	June 30, 2024			
	<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	1,389,909	-	-	1,389,909
Corporate bonds	<u>-</u>	<u>2,391,796</u>	<u>-</u>	<u>2,391,796</u>
	<u>\$ 7,468,644</u>	<u>\$ 2,391,796</u>	<u>\$ -</u>	<u>\$ 9,860,440</u>
Investments measured at NAV (a)				<u>1,431,707</u>
				<u>\$11,292,147</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>2025</u>	<u>2024</u>
Interest and dividend income	\$ 728,352	\$ 744,318
Realized losses on investments	(4,513)	(92,548)
Unrealized gains on investments	873,664	858,271
Investment fees	<u>(75,502)</u>	<u>(50,923)</u>
	<u>\$ 1,522,001</u>	<u>\$ 1,459,118</u>

## 7. PROPERTY AND EQUIPMENT, NET

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

	<u>2025</u>	<u>2024</u>
Vehicles	\$ 1,008,152	\$ 1,018,291
Office equipment	139,442	139,442
Leasehold improvements	41,317	41,317
Furniture and fixtures	<u>139,288</u>	<u>138,756</u>
	1,328,199	1,337,806
Less: Accumulated depreciation	<u>(1,280,408)</u>	<u>(1,262,914)</u>
	<u>\$ 47,791</u>	<u>\$ 74,892</u>

## 8. LEASES

The Foundation leases office space and related equipment. The leases are operating leases and expire between December 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>2025</u>	<u>2024</u>
Operating lease cost	\$ 103,835	\$ 109,242
Short-term lease cost	<u>677,033</u>	<u>580,562</u>
	<u>\$ 780,868</u>	<u>\$ 689,804</u>

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

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 99,838</u>	<u>\$ 103,001</u>
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	<u>\$ -</u>	<u>\$ 22,357</u>

## 8. LEASES (Continued)

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

	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term:		
Operating leases	4.39 years	5.30 years
Weighted-average discount rate:		
Operating leases	2.96%	2.98%

Maturities of operating lease liabilities were as follows at June 30, 2025:

2026	\$ 98,500
2027	87,802
2028	89,032
2029	90,263
2030	<u>45,439</u>
Total lease payments	411,036
Less: Interest	<u>(25,075)</u>
Total present value of lease liabilities	<u>\$ 385,961</u>

## 9. DEBT

Debt obligations consist of the following at June 30:

	<u>2025</u>	<u>2024</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

## 9. DEBT (Continued)

	<u>2025</u>	<u>2024</u>
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, 2025, 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.	<u>7,825,000</u>	<u>7,825,000</u>
	<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:

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

### Covenant Compliance and Subsequent Event

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. Management determined that the Foundation was not in compliance with certain covenants at June 30, 2025 and 2024. The Foundation obtained waivers from the for-profit investor and the United States International Development Finance Corporation for the covenant violations at June 30, 2024. No waiver was obtained for the covenant violations existing at June 30, 2025.

Subsequent to year end, the Foundation satisfied the obligations under both financing arrangements. In December 2025, the Foundation repaid the outstanding balances due under the agreements, including principal and applicable interest, and the related debt obligations were fully extinguished in accordance with the contractual maturity dates. As a result, the covenant violations existing at June 30, 2025 were resolved through repayment of the debt.

### 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 an outstanding balance of \$295,835 at June 30, 2025, and no outstanding balance at June 30, 2024. 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>2025</u>	<u>2024</u>
NEF – Armenia	\$ 47,841	\$ 42,157
NEF – Jordan	30,584	30,586
NEF – Lebanon	24,259	25,508
NEF – Sudan	7,418	6,797
NEF – South Sudan	-	53,994
NEF – Syria	4,746,882	3,010,673
NEF – Iraq	419,243	527,403
NEF – Morocco	457,999	537,971
	<u>\$ 5,734,226</u>	<u>\$ 4,235,089</u>

The following represents assets released from restrictions:

	<u>2025</u>	<u>2024</u>
NEF – Armenia	\$ 21,773	\$ 54,141
NEF – Jordan	-	247,547
NEF – Lebanon	1,560	78,360
NEF – US	101,032	20,000
NEF – Sudan	-	7,744
NEF – South Sudan	623,092	425,175
NEF – Syria	1,566,250	1,178,238
NEF – Iraq	201,395	73,916
NEF – Morocco	628,140	961,291
	<u>\$ 3,143,242</u>	<u>\$ 3,046,412</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>2025</u>	<u>2024</u>
Violet J. Jacobs Endowment Fund	<u>\$ 5,112,466</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:

	<u>With Donor Restrictions</u>
Balance, July 1, 2023	\$ 4,112,466
Contributions	<u>-</u>
Balance, June 30, 2024	4,112,466
Contributions	<u>1,000,000</u>
Balance, June 30, 2025	<u>\$ 5,112,466</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, 2025 and 2024.

**11. 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 \$141,199 and \$157,626 for the years ended June 30, 2025 and 2024, respectively.

**12. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through May 15, 2026, 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, 2025**

(With Comparative Totals for 2024)

	<u>NEF</u>	<u>NEF UK</u>	<u>NEF BE</u>	<u>SFS</u>	<u>Eliminations</u>	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 3,539,802	\$ 138,878	\$ 35,990	\$ 4,624	\$ -	\$ 3,719,294	\$ 8,054,182
Escrows and reserves	-	7,961,911	-	-	-	7,961,911	6,437,343
Accounts receivable	37,951	1,508	327,466	-	-	366,925	76,938
Accounts receivable - intercompany	211,542	1,923,408	574,261	1,723,031	(4,432,242)	-	-
Loans receivable, net of allowance for credit loss of \$435,567 and \$398,626 as of June 30, 2025 and 2024, respectively	-	-	2,362,656	-	-	2,362,656	2,158,709
Grants and contracts receivable	529,024	2,057,847	1,548,182	-	-	4,135,053	998,938
Prepaid expenses and other assets	247,178	21,345	41,261	-	-	309,784	235,983
Investment in Siraj Financial Services	1,724	1,724	1,724,207	-	(1,727,655)	-	-
Investments	11,813,643	-	-	-	-	11,813,643	11,292,147
Right-of-use asset - operating leases	388,868	-	-	-	-	388,868	480,958
Property and equipment, net	30,046	17,745	-	-	-	47,791	74,892
<b>Total assets</b>	<b>\$ 16,799,778</b>	<b>\$ 12,124,366</b>	<b>\$ 6,614,023</b>	<b>\$ 1,727,655</b>	<b>\$ (6,159,897)</b>	<b>\$ 31,105,925</b>	<b>\$ 29,810,090</b>
<b>LIABILITIES AND NET ASSETS</b>							
<b>LIABILITIES:</b>							
Accounts payable and accrued expenses	\$ 1,999,221	\$ 201,496	\$ 142,090	\$ -	\$ -	\$ 2,342,807	\$ 2,497,830
Accounts payable - intercompany	2,535,324	-	1,896,918	-	(4,432,242)	-	-
Line of credit	259,835	-	-	-	-	259,835	-
Refundable advances	38,129	1,170,910	1,088,883	-	-	2,297,922	2,364,742
Operating lease liability	385,961	-	-	-	-	385,961	474,055
Debt	-	9,824,991	-	-	-	9,824,991	9,824,991
<b>Total liabilities</b>	<b>5,218,470</b>	<b>11,197,397</b>	<b>3,127,891</b>	<b>-</b>	<b>(4,432,242)</b>	<b>15,111,516</b>	<b>15,161,618</b>
<b>NET ASSETS:</b>							
Without donor restrictions	5,908,111	309,263	(1,069,657)	1,727,655	(1,727,655)	5,147,717	6,300,917
With donor restrictions	5,673,197	617,706	4,555,789	-	-	10,846,692	8,347,555
<b>Total net assets</b>	<b>11,581,308</b>	<b>926,969</b>	<b>3,486,132</b>	<b>1,727,655</b>	<b>(1,727,655)</b>	<b>15,994,409</b>	<b>14,648,472</b>
<b>Total liabilities and net assets</b>	<b>\$ 16,799,778</b>	<b>\$ 12,124,366</b>	<b>\$ 6,614,023</b>	<b>\$ 1,727,655</b>	<b>\$ (6,159,897)</b>	<b>\$ 31,105,925</b>	<b>\$ 29,810,090</b>

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, 2025  
(With Comparative Totals for 2024)

	NEF			NEF UK			NEF BE			SFS			Eliminations	2025	2024
	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			
<b>REVENUE AND OTHER SUPPORT:</b>															
Contributions	\$ 3,713,469	\$ 1,641,639	\$ 5,355,108	\$ (385,953)	\$ 681,439	\$ 295,486	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 5,675,594	\$ 8,635,680
Government grants and contracts	2,566,472	-	2,566,472	4,990,884	-	4,990,884	3,705,210	3,319,301	7,024,511	-	-	-	-	14,581,867	17,163,761
Private grants	-	-	-	-	-	-	1,078,716	-	1,078,716	-	-	-	-	1,078,716	629,921
Investment income, net	1,114,700	-	1,114,700	407,301	-	407,301	-	-	-	-	-	-	-	1,522,001	1,459,118
Loss on investment in Siraj Financial Services	(444)	-	(444)	(434)	-	(434)	(382,399)	-	(382,399)	-	-	-	383,277	-	-
Other income (expenses)	213,959	-	213,959	(43,725)	-	(43,725)	218,419	-	218,419	-	-	-	(383,277)	5,376	990
Net assets released from restrictions	730,732	(730,732)	-	693,186	(693,186)	-	1,719,324	(1,719,324)	-	-	-	-	-	-	-
<b>Total revenue and other support</b>	<b>8,338,888</b>	<b>910,907</b>	<b>9,249,795</b>	<b>5,661,259</b>	<b>(11,747)</b>	<b>5,649,512</b>	<b>6,364,270</b>	<b>1,599,977</b>	<b>7,964,247</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,863,554</b>	<b>27,889,470</b>
<b>EXPENSES:</b>															
Direct program services	3,790,588	-	3,790,588	5,579,891	-	5,579,891	6,734,360	-	6,734,360	353,964	-	353,964	(353,964)	16,104,839	17,461,786
Program administration	3,136,362	-	3,136,362	409,358	-	409,358	233,088	-	233,088	-	-	-	-	3,778,808	2,218,671
<b>Total program services</b>	<b>6,926,950</b>	<b>-</b>	<b>6,926,950</b>	<b>5,989,249</b>	<b>-</b>	<b>5,989,249</b>	<b>6,967,448</b>	<b>-</b>	<b>6,967,448</b>	<b>353,964</b>	<b>-</b>	<b>353,964</b>	<b>(353,964)</b>	<b>19,883,647</b>	<b>19,680,457</b>
Management and general	747,172	-	747,172	123,426	-	123,426	136,511	-	136,511	-	-	-	-	1,007,109	1,067,486
Fundraising	389,822	-	389,822	124,687	-	124,687	149,501	-	149,501	-	-	-	-	664,010	748,124
<b>Total expenses</b>	<b>8,063,944</b>	<b>-</b>	<b>8,063,944</b>	<b>6,237,362</b>	<b>-</b>	<b>6,237,362</b>	<b>7,253,460</b>	<b>-</b>	<b>7,253,460</b>	<b>353,964</b>	<b>-</b>	<b>353,964</b>	<b>(353,964)</b>	<b>21,554,766</b>	<b>21,496,067</b>
<b>CHANGE IN NET ASSETS BEFORE FOREIGN CURRENCY TRANSLATION ADJUSTMENT</b>	<b>274,944</b>	<b>910,907</b>	<b>1,185,851</b>	<b>(576,103)</b>	<b>(11,747)</b>	<b>(587,850)</b>	<b>(889,190)</b>	<b>1,599,977</b>	<b>710,787</b>	<b>(353,964)</b>	<b>-</b>	<b>(353,964)</b>	<b>353,964</b>	<b>1,308,788</b>	<b>6,393,403</b>
<b>FOREIGN CURRENCY TRANSLATION ADJUSTMENT</b>	<b>(786,494)</b>	<b>-</b>	<b>(786,494)</b>	<b>523,162</b>	<b>-</b>	<b>523,162</b>	<b>300,481</b>	<b>-</b>	<b>300,481</b>	<b>(29,313)</b>	<b>-</b>	<b>(29,313)</b>	<b>29,313</b>	<b>37,149</b>	<b>(200,489)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(511,550)</b>	<b>910,907</b>	<b>399,357</b>	<b>(52,941)</b>	<b>(11,747)</b>	<b>(64,688)</b>	<b>(588,709)</b>	<b>1,599,977</b>	<b>1,011,268</b>	<b>(383,277)</b>	<b>-</b>	<b>(383,277)</b>	<b>383,277</b>	<b>1,345,937</b>	<b>6,192,914</b>
<b>NET ASSETS - beginning of year</b>	<b>6,419,661</b>	<b>4,762,290</b>	<b>11,181,951</b>	<b>362,204</b>	<b>629,453</b>	<b>991,657</b>	<b>(480,948)</b>	<b>2,955,812</b>	<b>2,474,864</b>	<b>2,110,932</b>	<b>-</b>	<b>2,110,932</b>	<b>(2,110,932)</b>	<b>14,648,472</b>	<b>8,455,558</b>
<b>NET ASSETS - end of year</b>	<b>\$ 5,908,111</b>	<b>\$ 5,673,197</b>	<b>\$ 11,581,308</b>	<b>\$ 309,263</b>	<b>\$ 617,706</b>	<b>\$ 926,969</b>	<b>\$ (1,069,657)</b>	<b>\$ 4,555,789</b>	<b>\$ 3,486,132</b>	<b>\$ 1,727,655</b>	<b>\$ -</b>	<b>\$ 1,727,655</b>	<b>\$ (1,727,655)</b>	<b>\$ 15,994,409</b>	<b>\$ 14,648,472</b>

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, 2025  
(With Comparative Totals for 2024)**

	NEF					NEF UK			
	Direct Program Services	Program Administration	Total Program Services	Management and General	Fundraising	Total	Direct Program Services	Program Administration	Total Program Services
<b>SALARIES AND RELATED EXPENSES:</b>									
Salaries and wages	\$ 955,570	\$ 1,663,216	\$ 2,618,786	\$ 564,792	\$ 270,844	\$ 3,454,422	\$ 1,088,261	\$ 84,451	\$ 1,172,712
Fringe benefits	<u>288,027</u>	<u>160,603</u>	<u>448,630</u>	<u>115,286</u>	<u>82,849</u>	<u>646,765</u>	<u>301,043</u>	<u>32,855</u>	<u>333,898</u>
Total salaries and related expenses	1,243,597	1,823,819	3,067,416	680,078	353,693	4,101,187	1,389,304	117,306	1,506,610
Occupancy and operating expenses	678,140	1,070,892	1,749,032	73,318	25,376	1,847,726	334,490	214,359	548,849
Travel	101,167	194,829	295,996	58,673	10,276	364,945	154,777	38,888	193,665
Equipment and furniture	35,142	19,933	55,075	2,590	-	57,665	4,503	-	4,503
Program activities	1,388,142	61,251	1,449,393	-	477	1,449,870	3,684,364	6,625	3,690,989
Sub-awards	344,400	-	344,400	-	-	344,400	12,453	-	12,453
Management fee (income)	-	(47,762)	(47,762)	(67,487)	-	(115,249)	-	16,192	16,192
Credit loss expense	-	-	-	-	-	-	-	-	-
Depreciation	-	13,400	13,400	-	-	13,400	-	15,988	15,988
Total expenses	<u>\$ 3,790,588</u>	<u>\$ 3,136,362</u>	<u>\$ 6,926,950</u>	<u>\$ 747,172</u>	<u>\$ 389,822</u>	<u>\$ 8,063,944</u>	<u>\$ 5,579,891</u>	<u>\$ 409,358</u>	<u>\$ 5,989,249</u>

NEF BE									SFS											
Management and General	Fundraising	Total	Direct Program Services	Program Administration	Total Program Services	Management and General	Fundraising	Total	Direct Program Services	Program Administration	Total Program Services	Management and General	Fundraising	Total	Eliminations	2025	2024			
\$ 23,425	\$ 70,846	\$ 1,266,983	\$ 2,535,513	\$ 95,176	\$ 2,630,689	\$ 12,693	\$ 111,536	\$ 2,754,918	\$ 22,101	\$ -	\$ 22,101	\$ -	\$ -	\$ 22,101	\$ (22,101)	\$ 7,476,323	\$ 6,611,835			
5,323	16,333	355,554	414,544	28,628	443,172	5,070	37,353	485,595	7,651	-	7,651	-	-	7,651	(7,651)	1,487,914	1,812,756			
28,748	87,179	1,622,537	2,950,057	123,804	3,073,861	17,763	148,889	3,240,513	29,752	-	29,752	-	-	29,752	(29,752)	8,964,237	8,424,591			
68,775	26,364	643,988	286,576	62,538	349,114	68,873	612	418,599	37,937	-	37,937	-	-	37,937	(37,937)	2,910,313	2,100,103			
3,023	8,299	204,987	266,434	12,789	279,223	3,426	-	282,649	7,860	-	7,860	-	-	7,860	(7,860)	852,581	971,585			
-	-	4,503	8,780	2,131	10,911	1,842	-	12,753	13,366	-	13,366	-	-	13,366	(13,366)	74,921	87,294			
-	2,845	3,693,834	2,846,086	256	2,846,342	-	-	2,846,342	265,049	-	265,049	-	-	265,049	(265,049)	7,990,046	8,390,133			
-	-	12,453	339,428	-	339,428	-	-	339,428	-	-	-	-	-	-	-	696,281	1,076,035			
22,880	-	39,072	-	31,570	31,570	44,607	-	76,177	-	-	-	-	-	-	-	-	-			
-	-	-	36,999	-	36,999	-	-	36,999	-	-	-	-	-	-	-	36,999	399,171			
-	-	15,988	-	-	-	-	-	-	-	-	-	-	-	-	-	29,388	47,155			
<u>\$ 123,426</u>	<u>\$ 124,687</u>	<u>\$ 6,237,362</u>	<u>\$ 6,734,360</u>	<u>\$ 233,088</u>	<u>\$ 6,967,448</u>	<u>\$ 136,511</u>	<u>\$ 149,501</u>	<u>\$ 7,253,460</u>	<u>\$ 353,964</u>	<u>\$ -</u>	<u>\$ 353,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353,964</u>	<u>\$ (353,964)</u>	<u>\$ 21,554,766</u>	<u>\$ 21,496,067</u>			

**NEAR EAST FOUNDATION AND SUBSIDIARIES**

Schedule IV

**CONSOLIDATING SCHEDULE OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2025**

(With Comparative Totals for 2024)

	<u>NEF</u>	<u>NEF UK</u>	<u>NEF BE</u>	<u>SFS</u>	<u>Eliminations</u>	<u>2025</u>	<u>2024</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>							
Change in net assets before foreign currency translation adjustment	\$ 1,185,851	\$ (587,850)	\$ 710,787	\$ (353,964)	\$ 353,964	\$ 1,308,788	\$ 6,393,403
Adjustments to reconcile change in net assets before foreign currency translation adjustment to net cash flow from operating activities:							
Depreciation	13,400	29,594	-	-	-	42,994	47,155
Credit loss expense	-	-	36,999	-	-	36,999	399,171
Write-offs of loans receivable	-	-	(58)	-	-	(58)	(15,279)
Realized and unrealized gain on investments	(869,151)	-	-	-	-	(869,151)	(765,723)
Loss on investment in Siraj Financial Services	444	434	382,399	-	(383,277)	-	-
Operating leases	3,996	-	-	-	-	3,996	5,227
Changes in:							
Accounts receivable	22,551	6,670	(319,208)	-	-	(289,987)	129,784
Accounts receivable - intercompany	539,653	(640,734)	41,851	383,575	(324,345)	-	-
Grants and contracts receivable	(407,643)	(1,609,394)	(1,119,078)	-	-	(3,136,115)	1,801,616
Prepaid expenses and other assets	461	222	(35,670)	-	-	(34,987)	5,385
Accounts payable and accrued expenses	(17,284)	(81,574)	(56,165)	-	-	(155,023)	417,336
Accounts payable - intercompany	670,234	(450,102)	(544,477)	-	324,345	-	-
Refundable advances	(664,147)	563,265	34,062	-	-	(66,820)	(5,249,631)
Net cash flow from operating activities	<u>478,365</u>	<u>(2,769,469)</u>	<u>(868,558)</u>	<u>29,611</u>	<u>(29,313)</u>	<u>(3,159,364)</u>	<u>3,168,444</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>							
Purchases of property and equipment	(531)	(15,362)	-	-	-	(15,893)	-
Issuance of loans	-	-	(2,812,119)	-	-	(2,812,119)	(2,331,067)
Repayment of loans	-	37,414	2,533,817	-	-	2,571,231	1,902,057
Proceeds from sales of investments	3,235,366	-	-	-	-	3,235,366	4,982,389
Purchase of investments	(2,926,525)	-	-	-	-	(2,926,525)	(8,997,190)
Net cash flow from investing activities	<u>308,310</u>	<u>22,052</u>	<u>(278,302)</u>	<u>-</u>	<u>-</u>	<u>52,060</u>	<u>(4,443,811)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>							
Borrowings on line of credit	350,000	-	-	-	-	350,000	-
Repayment of line of credit	(90,165)	-	-	-	-	(90,165)	-
Net cash flow from financing activities	<u>259,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259,835</u>	<u>-</u>
CHANGE IN CASH, CASH EQUIVALENTS, ESCROWS AND RESERVES BEFORE EFFECT OF EXCHANGE RATE CHANGES	1,046,510	(2,747,417)	(1,146,860)	29,611	(29,313)	(2,847,469)	(1,275,367)
CASH, CASH EQUIVALENTS, ESCROWS AND RESERVES - beginning of year	3,279,786	10,325,044	882,369	4,326	-	14,491,525	15,928,295
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS, ESCROWS AND RESERVES	(786,494)	523,162	300,481	(29,313)	29,313	37,149	(161,403)
CASH, CASH EQUIVALENTS, ESCROWS AND RESERVES - end of year	<u>\$ 3,539,802</u>	<u>\$ 8,100,789</u>	<u>\$ 35,990</u>	<u>\$ 4,624</u>	<u>\$ -</u>	<u>\$ 11,681,205</u>	<u>\$ 14,491,525</u>

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, 2025**  
(With Comparative Totals for 2024)

	<u>NEF</u>	<u>NEF UK</u>	<u>NEF BE</u>	<u>SFS</u>	<u>2025</u>	<u>2024</u>
Armenia	\$ -	\$ 14,778	\$ 845,602	\$ -	\$ 860,380	\$ 809,455
Belgium	2,402	94	221,202	-	223,698	266,189
Iraq	18,493	15,605	1,258,405	-	1,292,503	3,288,279
Jordan	210,904	2,299,237	5,979	-	2,516,120	1,615,539
Jordan Regional	19,775	85,589	875,797	-	981,161	2,256,135
Lebanon	949,121	22,327	835,604	-	1,807,052	2,658,515
Mali	110,132	1,407,745	1,005,306	-	2,523,183	2,378,345
Morocco	923,565	-	-	-	923,565	902,222
South Sudan	-	631,122	-	-	631,122	651,727
Sudan	856,699	756,439	-	-	1,613,138	1,211,976
Syria	-	41,075	924,382	353,964	1,319,421	-
New York	649,180	164,760	279,878	-	1,093,818	1,034,896
London	50,317	141,120	128,241	-	319,678	388,508
	<u>\$ 3,790,588</u>	<u>\$ 5,579,891</u>	<u>\$ 6,380,396</u>	<u>\$ 353,964</u>	<u>\$ 16,104,839</u>	<u>\$ 17,461,786</u>

The accompanying notes are an integral part of these schedules.

**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**

May 15, 2026

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, 2025, 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 May 15, 2026. The financial statements of NEF Belgium and the local operations in Jordan and Syria 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 Syria. Our report includes a reference to other auditors who audited the financial statements of NEF Belgium and of the local operations in Jordan and Syria, 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](http://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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

## **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*.

## **The Foundation's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Foundation's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Foundation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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**

May 15, 2026

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, 2025. 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, 2025.

***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 EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

<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	\$ 10
Integrated Economic and Psychosocial Support for Vulnerable Refugees and Lebanese (IEPS Y2)	19.519	SPRMCO23CA0227	386,067
Empowering refugees and Lebanese through Integrated Support Systems (ERLISS)	19.519	SPRMCO24CA0289	744,926
Advancing the Social and Economic Well-Being of Vulnerable Refugee and Jordanian Women (ASEW)	19.519	SPRMCO24CA0288	<u>371,534</u>
TOTAL OVERSEAS REFUGEE ASSISTANCE PROGRAM FOR NEAR EAST AND SOUTH ASIA			<u>1,502,537</u>
Growing YCII	19.301	SAQMIP23CA0296	<u>71,941</u>
TOTAL SECRETARY'S OFFICE OF THE GLOBAL PARTNERSHIP INITIATIVE (S/GPI) GRANT PROGRAMS			<u>71,941</u>
TOTAL DEPARTMENT OF STATE			<u>1,574,478</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,574,478</u>

## **NEAR EAST FOUNDATION AND SUBSIDIARIES**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2025**

---

#### **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, 2024 through June 30, 2025. The Foundation has not elected to use the 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.

# NEAR EAST FOUNDATION AND SUBSIDIARIES

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2025

---

### 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?	<u>  √  </u> yes	<u>      </u> no
Significant deficiencies identified that are not considered to be material weaknesses?	<u>      </u> yes	<u>  √  </u> none reported
Noncompliance material to financial statements noted?	<u>      </u> yes	<u>  √  </u> no

#### FEDERAL AWARDS

Internal control over major programs:

Material weaknesses identified?	<u>      </u> yes	<u>  √  </u> no
Significant deficiencies identified that are not considered to be material weaknesses?	<u>      </u> yes	<u>  √  </u> 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

### 2025-001 Books and Records

**Criteria:** Management is responsible for designing and maintaining effective internal controls to ensure transactions are recorded appropriately, account balances are reconciled in a timely manner, and complete and accurate financial information is available for internal and external reporting. The Foundation is required to file with the Federal Audit Clearinghouse within nine months of year end.

**Condition:** The Foundation experienced delays in completing certain aspects of its financial close process during the year. Certain account reconciliations were not consistently prepared or reviewed within the expected closing timetable, which resulted in audit and post-closing adjustments. In addition, the timing of the close process contributed to delays in meeting external reporting deadlines, including the filing with the Federal Audit Clearinghouse.

**Context:** In response to U.S. Government funding cuts, the Foundation implemented restructuring changes that reduced financial management capacity, resulting in delays in closing its books and records and a late filing with the Federal Audit Clearinghouse.

**Effect:** As a result, the Foundation's consolidated financial statements were not fully complete and accurate prior to the audit, certain adjustments were identified during the audit process, and required external reporting deadlines were not met.

**Cause:** These matters were primarily attributable to turnover and related capacity constraints that resulted, following the U.S. Government funding cuts. NEF was forced to make deep staff cuts and subsequently lost additional staff. As a result, available personnel were required to balance training new team members with ongoing financial responsibilities, which impacted the timing of certain close and reconciliation activities.

**Recommendation:** We recommend that management continue its efforts to strengthen the financial close process by establishing and maintaining a structured closing timeline, ensuring timely preparation and review of key account reconciliations, and evaluating staffing levels and resources within the finance function to support timely and accurate financial reporting.

**Views of management and planned corrective action:** Management acknowledges the impact of recent U.S. Government funding reductions on staffing and operational capacity and is actively implementing measures to stabilize the finance function. These actions include engaging outsourced accounting support to address backlog reconciliations, enhancing close procedures, and reassessing resource allocation to improve the timeliness and efficiency of the financial close process. Management is committed to restoring compliance with reporting deadlines and strengthening internal controls in the current funding environment.

## SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.