

ANERA

American Near East Refugee Aid
(ANERA) and its AMER Medical Division
1522 K St., NW #202
Washington, DC 20005
(202) 347-2558 phone
(202) 682-1637 fax

Middle East Offices in Jerusalem and Gaza

25 years of service
ANERA

AMERICAN NEAR EAST REFUGEE AID

Investing in Peace
1993 ANNUAL REPORT



1968–1993: 25 Years of Service in the Middle East

American Near East Refugee Aid (ANERA) Our mission is to reduce poverty and relieve suffering in the Middle East. This means that we formulate and implement social and economic development projects in cooperation with indigenous institutions. We also provide relief in response to civilian emergencies and dire need.

Established in 1968 as a non-profit, charitable organization, ANERA is principally concerned with the long-term development needs of Palestinians and Lebanese, but also has some projects in Jordan and Israel. ANERA assists grassroots organizations to provide their communities with crucial health and welfare services in addition to increasing employment and educational opportunities. Another focus is to support local institutions working to improve the status and opportunities for deprived groups. Finally, ANERA helps provide the basic necessities of life to people adversely affected by war and conflict. Through these efforts and through increasing American understanding of the region, ANERA promotes peace.

American Middle East Rehabilitation (AMER) is the medical division of ANERA. Before becoming part of ANERA in 1971, AMER was the oldest non-sectarian American voluntary agency providing assistance to Palestinian refugees and other needy individuals in the Arab world. AMER assists medical programs in meeting their annual requirements of drugs and medical supplies and with emergency shipments in time of war.

INVESTING IN PEACE

For 25 years ANERA has supported social programs that help Palestinian and Lebanese people build their societies. Expertise, partnership, accountability and results are part of ANERA's contribution—together with Palestinian and Lebanese institutions—towards building peace.

President's Letter

Dear Friends of ANERA:

During September 1993, the world witnessed a momentous and historical event when Prime Minister Yitzhak Rabin and Chairman Yasser Arafat signed the Israeli-PLO Accords. These two leaders are to be commended as are many people in and out of government who have been working for peace between the Arabs and Israel.



While these accords are a major first step — a singular breakthrough, if you will — there is much more to do. On the Palestinian-Israeli front, the accords have to be made operational. This will be no easy task. And eventually, the final status of the West Bank and Gaza Strip must be negotiated. On the regional front, the world now wants to see peaceful relations between Israel and the balance of the Arab states: Jordan, Lebanon, and Syria. It should be remembered that Egypt courageously made peace with Israel in 1979.

In this rapidly changing scene, there is much work for ANERA. As long-time supporters know, ANERA, through its offices in Jerusalem and Gaza, has been successfully implementing projects in the Middle East for twenty-five years. These projects become all that much more important now. Not only do they address the fundamental needs of the Palestinians, but also they will help buttress the peace process, they will be an investment in peace.

To realize these goals, ANERA will pursue its successful development programs and projects in the West Bank and Gaza Strip and consider new and/or expanded roles. Always working with local institutions, which helps ensure that the

activities are sustainable, ANERA will continue to provide a broad range of technical expertise and considerable funding to numerous projects in the areas of community and economic development, education and health services. Accordingly, ANERA's supporters will be assisting projects with agricultural cooperatives, clinics, hospitals, educational institutions and grassroots and women's groups seeking to better the lives of their poorer neighbors.

ANERA will also maintain its practice of supporting modest efforts at dialogue between Palestinians and Israelis. We undertake this activity in the hope and belief that it will continue to contribute to resolving the conflict. In the context of the Israeli-PLO Accords, support of such dialogue becomes even more important as the number and variety of participants grow.

As most are aware, Lebanon's civil war appears to be over. Nevertheless, there is considerable economic and social need as well as potential. Accordingly, ANERA plans to sustain its Lebanese projects in the areas of health, education, and agriculture.

Throughout the years, ANERA's activities have focused on people: people in the Middle East and people in America. Our programs are truly people-to-people programs. It is the people of the Middle East who make the projects function. Equally important are ANERA's friends in the United States and other lands. With your support, generosity and help, our work — our service — is possible. We and our friends in the Middle East express our thanks to you. And in this time of true hope for the end to conflict, we know that you will want to join with us and invest in this long-sought peace.



Peter Gubser
President

1968–1993: 25 Years of Results— Working Together with Palestinian and Lebanese Institutions

In fiscal year 1993 (extending from June 1, 1992 through May 31, 1993), ANERA and its AMER Medical Division gave development assistance and relief aid totalling \$4,466,814 to local institutions providing economic and community development, education and health services, assistance for the poor and indigent, and related technical assistance and training to the Palestinians, Lebanese, and other civilians in the West Bank, Gaza Strip, Lebanon, and Israel.



Women's Service Organizations

Mother/child health care, food for the needy, literacy programs, vocational training for women and job creation. Arab Women's Union (Tulkarem, West Bank), Bir Zeit Women's Charitable Society (Bir Zeit, WB), Jericho Women's Charitable Society (Jericho, WB), Women's Cooperative for Sewing and Handicrafts (Gaza City, Gaza), YWCA (Jericho, WB).

\$82,000

Urban Economic Projects

Construction of slaughterhouse, wholesale and retail fruit and vegetable markets, and light industrial complexes as well as creating the management capability to construct a sewage system. The projects are with the municipalities of Anabta, Bethlehem, Jenin, Nablus, Ramallah, Salfit, and Tulkarem in the West Bank and Gaza City, Khan Younis, and Jabalia in the Gaza Strip.

\$1,256,710



BUILDING GAZA

After 25 years of harsh military occupation, over 800,000 people live in abject squalor and misery in Gaza. Over the

years, ANERA has worked with the Gaza municipality to invest over \$5 million dollars in infrastructure projects such as sewage systems, street drainage and agricultural extension services.

Revolving Loan Funds

Revolving loan funds to assist Palestinian and Lebanese farmers, artisans, and shopkeepers to generate employment. Beit Lahia Agricultural Cooperative (Beit Lahia, Gaza), Hebron Marketing Cooperative (Hebron, West Bank), Jenin Agricultural Cooperative (Jenin, WB), Khan Younis Agricultural Cooperative (Khan Younis, Gaza), Qalqilia Agricultural Cooperative (Qalqilia, WB), Ramallah Agricultural Cooperative (Ramallah, WB), Tulkarem Agricultural Cooperative (Tulkarem, WB).

\$418,000

Land Improvement, Irrigation and Mechanization for Agriculture

Partial funding to establish mechanized units and irrigation systems to cultivate or reclaim land. Projects are located in Al-Auja, Beit Illu, Der Ghassaneh, Kufr Neimeh, Majd al-Ba'a, Marj Najeh, Al-Najah, Ramallah and Salam in the West Bank and Beit Hanoun and Rafah in the Gaza Strip.

\$93,400

Grassroots Community Organizations

Libraries, clinics, literacy programs, vocational and leadership training, assistance to handicapped and orphans, relief for the poor and employment generation. Anata Health Cooperative (Anata, West Bank), Artas Charitable Society (Artas, WB), Bir Zeit University (Bir Zeit, WB), Community Child Development Society (Gaza City, Gaza), Crippled Children Center (Jerusalem), Dar Shyoukh (Beit Jala, WB), Dheisheh Refugee Camp Committee (Bethlehem, WB), Galilee Society for Health Research and Services (Rama, Galilee), Gaza Literacy Group, Gaza Union of Citrus Producers (Gaza City, Gaza), Hamlet al-Tib (Bethlehem, WB), In'Ash al-Qarya (Abu Dis, WB), Islamic Benevolent Society (Beit Sahour, WB), Jenin Charitable Society (Jenin, WB), Palestine Counseling Center (Jerusalem), Rafah Rehabilitation Center (Rafah, Gaza), Sheltered Workshop for the Blind (Jerusalem), Tawfiq Fishing Cooperative (Gaza City, Gaza), Toubas Charitable Society for the Handicapped (Toubas, West Bank), Yamoun Charitable Societies (Yamoun, WB), YMCA (Gaza).

\$231,000

Agricultural Produce Processing, Marketing and Services

Partial funding to assist cooperatives to improve their ability to process foodstuff and market produce as well as the establishment of mobile veterinary clinics. Beit Lahia Agricultural Marketing Cooperative (Beit Lahia, Gaza), Deir Sharaf Olive Press Cooperative (Deir Sharaf, West Bank), Gaza Livestock Cooperative (Gaza City, Gaza), Hebron Livestock Cooperative (Hebron, WB), Jalazone Cooperative Bakery (Jalazone, WB), Jericho Agricultural Cooperative (Jericho, WB), Nablus Agricultural Cooperative (Nablus, WB), Nahda Livestock Cooperative (Nahda, WB), Palestinian-European Chamber of Commerce (Jerusalem), Tulkarem Agricultural Cooperative (Tulkarem, WB), Tulkarem Livestock Cooperative (Tulkarem, WB).

\$676,304



CREATING JOBS AND INCOME

ANERA works with over 100 Palestinian community organizations to help people help themselves. At the Kalandia Refugee Camp, for example, just outside of Ramallah, ANERA works with the Kalandia Women's Union to provide a revolving loan fund and sewing equipment.

TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT

\$2,757,414



TECHNICAL ASSISTANCE

Provision of training and consultants in agriculture, job creation, credit, health and education.

TOTAL TECHNICAL ASSISTANCE

\$262,783



EDUCATION

Child Scholarships

Scholarships for orphaned, destitute and handicapped children. Dar El Tifl (Jerusalem), Al-Kafa'at Rehabilitation Institute (Beirut, Lebanon), Rawdat El-Zuhur (Jerusalem), Society for the Care of the Handicapped Children (Gaza City, Gaza).

\$139,387

Youth Programs, Schools and Universities

Equipment, expertise, and scholarships for educational development. Arab Women's Society (Jerusalem), Bethlehem University (Bethlehem, West Bank), Bir Zeit University (Bir Zeit, WB), Center for Applied Research in Education (Jerusalem), Hebron Union of University Graduates, Hebron University, and Hebron Young Women's Society (Hebron, WB), Islamic Industrial Orphanage (Abu-Dis, WB), Israeli-Palestinian Center for Research and Information (Jerusalem), Jeel al-Amal (Bethany, WB), Union of Charitable Societies (Hebron, WB), Women's Studies Center (Jerusalem).

\$310,500

TOTAL EDUCATION

\$449,887



Clinics and Health Training

Partial assistance for upgrading clinics' ability to deliver basic health services. Anata Health Cooperative (Anata, West Bank), Arab Colleges of Medical Professions (El-Bireh, WB), Arab Health Center (Jerusalem), Beit Sahour Health Insurance Cooperative (Beit Sahour, WB), Bethlehem Handicrafts Workshop (Bethlehem, WB), Blood Bank Society (Gaza City, Gaza), Egyptian Red Crescent (via American Red Cross), Jenin Patient's Friends Society (Jenin, WB), Nablus Patient's Friends Society (Nablus, WB), National Society for Mental Health (Ramallah, WB), Qalqilia Zakat Committee (Qalqilia, WB), Red Crescent Society (Nablus, WB), St. Luke's Hospital (West Bank), Silwan Benevolent Society (Silwan, WB), Singel Clinic (Singel, WB), Sour Bahar Clinic (Sour Bahar, WB).

\$577,987



INVESTING IN THE FUTURE

Peace in the region will be carried out by the next generations. ANERA supports programs at all levels of schooling, from providing scholarships for needy pre-school and elementary age children, to supporting advanced vocational and technical training programs.

Hospitals

Hospital services for Palestinians. Ahli Arabi Hospital (Gaza City, Gaza), Patient's Friends Society (Hebron, West Bank).

\$87,625

TOTAL HEALTH SERVICES \$665,612



Medicine and health material for hospitals and clinics. Ahli Arabi Hospital (Gaza City, Gaza), American University Hospital (Beirut, Lebanon), Lebanese Red Cross.

\$301,618

Shipping Costs

\$29,500

TOTAL IN-KIND

\$331,118

TOTAL

\$4,466,814

Audited Financial Statements

LANE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors of
American Near East Refugee Aid

We have audited the accompanying balance sheet of American Near East Refugee Aid as of May 31, 1993 and the related statements of support, revenue, expenses and changes in fund balances, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Organization's Jerusalem office, which statements reflect total assets of \$165,838 as of May 31, 1993 and total expenses of \$3,938,113 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Organization's Jerusalem office, is based solely on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of American Near East Refugee Aid as of May 31, 1993, and the result of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Lane & Company

Lane & Company
Washington, D.C.
August 12, 1993

AMERICAN NEAR EAST REFUGEE AID BALANCE SHEET May 31, 1993

| | <u>ASSETS</u> | | |
|--|---------------------|-------------------|--------------------|
| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
| Current Assets | | | |
| Cash and cash equivalents (Note 2) | \$132,563 | \$945,197 | \$1,077,760 |
| Grants receivable (Note 3) | — | 217,904 | 217,904 |
| Contributions receivable | 11,035 | 50,000 | 61,035 |
| Interfund receivable (payable) (Note 3) | 217,904 | (217,904) | — |
| Inventory (Note 2) | 8,898 | — | 8,898 |
| Prepaid expenses and other assets | 23,547 | — | 23,547 |
| Total Current Assets | 393,947 | 995,197 | 1,389,144 |
| Furniture and equipment, net of accumulated depreciation of \$119,083 (Note 2) | 16,405 | — | 16,405 |
| Total Assets | <u>\$410,352</u> | <u>\$995,197</u> | <u>\$1,405,549</u> |

| | <u>LIABILITIES AND FUND BALANCES</u> | | |
|--|--------------------------------------|------------------|--------------------|
| | | | |
| Current Liabilities | | | |
| Accounts payable | \$ 34,069 | \$ — | \$ 34,069 |
| Accrued benefits (Note 5) | 40,743 | 158,570 | 199,313 |
| Other accrued expenses and liabilities | 10,886 | 42,980 | 53,866 |
| Grant commitments (Note 2) | 156,388 | 251,999 | 408,387 |
| Deferred revenue (Note 2) | — | 541,648 | 541,648 |
| Total Current Liabilities | 242,086 | 995,197 | 1,237,283 |
| Commitment (Note 6) | — | — | — |
| Fund Balances | 168,266 | — | 168,266 |
| Total Liabilities and Fund Balances | <u>\$410,352</u> | <u>\$995,197</u> | <u>\$1,405,549</u> |

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

AMERICAN NEAR EAST REFUGEE AID STATEMENT OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN FUND BALANCES For the year ended May 31, 1993

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
|--|---------------------|-------------------|------------------|
| Support and Revenue | | | |
| Support | | | |
| Donor contributions | \$479,490 | \$ 483,726 | \$ 963,216 |
| Contributions-in-kind (Note 2) | 256,490 | — | 256,490 |
| United States Government grants (Note 3) | — | 4,663,480 | 4,663,480 |
| Total Support | 735,980 | 5,147,206 | 5,883,186 |
| Interest | 22,102 | — | 22,102 |
| Total Support and Revenue | <u>758,082</u> | <u>5,147,206</u> | <u>5,905,288</u> |

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AMERICAN NEAR EAST REFUGEE AID
STATEMENT OF CASH FLOWS
For the year ended May 31, 1993

Expenses

Program Services
Community and economic
development
Education
Health services
Public information

| | | |
|----------------|------------------|------------------|
| 64,283 | 3,526,374 | 3,590,657 |
| 28,163 | 493,085 | 521,248 |
| 282,398 | 904,818 | 1,187,216 |
| 75,723 | — | 75,723 |
| <u>450,567</u> | <u>4,924,277</u> | <u>5,374,844</u> |

Support Services
Fundraising
Management and general

| | | |
|----------------|----------------|----------------|
| 156,832 | — | 156,832 |
| 197,187 | 222,929 | 420,116 |
| <u>354,019</u> | <u>222,929</u> | <u>576,948</u> |

| | | | |
|----------------|----------------|------------------|------------------|
| Total Expenses | <u>804,586</u> | <u>5,147,206</u> | <u>5,951,792</u> |
|----------------|----------------|------------------|------------------|

| | | | |
|--|----------|---|----------|
| Excess of Expenses over Support and Revenue | (46,504) | — | (46,504) |
|--|----------|---|----------|

| | | | |
|----------------------------------|----------------|----------|----------------|
| Fund Balances, Beginning of Year | <u>214,770</u> | <u>—</u> | <u>214,770</u> |
|----------------------------------|----------------|----------|----------------|

| | | | |
|----------------------------|-------------------|-------------|-------------------|
| Fund Balances, End of Year | <u>\$ 168,266</u> | <u>\$ —</u> | <u>\$ 168,266</u> |
|----------------------------|-------------------|-------------|-------------------|

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

Cash Flows from Operating Activities

| | |
|---|-------------|
| Excess of expenses over support and revenue | \$ (46,504) |
|---|-------------|

Adjustments to reconcile excess of expenses
over support and revenue to net cash
used by operating activities

| | |
|----------------------|-------|
| Depreciation expense | 7,015 |
|----------------------|-------|

Changes in assets and liabilities

| | |
|---|-----------|
| Decrease in grants receivable | 33,634 |
| Decrease in inventory | 45,261 |
| Increase in contributions receivable | (49,368) |
| Increase in prepaid expenses and other assets | (5,331) |
| Increase in accounts payable | 3,655 |
| Increase in accrued benefits | 49,921 |
| Increase in accrued expenses and other liabilities | 33,071 |
| Increase in grant commitments | 110,623 |
| Decrease in deferred revenue | (194,297) |

| | |
|---------------------------------------|----------|
| Net Cash Used by Operating Activities | (12,320) |
|---------------------------------------|----------|

Cash Flows from Investing Activities

| | |
|---|----------|
| Purchase of fixed assets | (7,077) |
| Net Decrease in Cash and Cash Equivalents | (19,397) |

| | |
|--|--------------------|
| Cash and Cash Equivalents, Beginning of Year | <u>1,097,157</u> |
| Cash and Cash Equivalents, End of Year | <u>\$1,077,760</u> |

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

AMERICAN NEAR EAST REFUGEE AID
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended May 31, 1993

| | Program Services | | | | Supporting Services | | | | |
|------------------------------------|-------------------------------|------------|-----------------|--------------------|---------------------|-------------|----------------------|------------|----------------|
| | Overseas | | Domestic | | Total | Fundraising | Management & General | Total | Total Expenses |
| | Community & Economic Develop. | Education | Health Services | Public Information | | | | | |
| Salaries | \$ 321,940 | \$ 32,193 | \$ 87,595 | \$ 29,774 | \$ 471,502 | \$ 23,930 | \$ 227,146 | \$ 251,076 | \$ 722,578 |
| Fringe benefits (Note 4) | 39,180 | 4,331 | 12,121 | 7,844 | 63,476 | 6,251 | 59,445 | 65,696 | 129,172 |
| Total salaries and fringe benefits | 361,120 | 36,524 | 99,716 | 37,618 | 534,978 | 30,181 | 286,591 | 316,772 | 851,750 |
| Professional and contract services | 35,733 | 3,335 | 8,576 | 126 | 47,770 | 18,221 | 26,275 | 44,496 | 92,266 |
| Occupancy (Note 6) | 54,384 | 5,479 | 14,991 | 5,597 | 80,451 | 4,489 | 46,594 | 51,083 | 131,534 |
| Office supplies and equipment | 34,201 | 3,192 | 8,208 | 92 | 45,693 | 1,721 | 11,429 | 13,150 | 58,843 |
| Telephone and telegraph | 16,701 | 1,579 | 4,063 | 96 | 22,439 | 137 | 5,409 | 5,546 | 27,985 |
| Postage, shipping and storage | 1,878 | 162 | 30,142 | 1,678 | 33,860 | 48,972 | 13,381 | 62,353 | 96,213 |
| Printing | 2,890 | 149 | 623 | 22,804 | 26,466 | 35,024 | 5,213 | 40,237 | 66,703 |
| Lettershop and computer services | — | — | — | 2,415 | 2,415 | 17,418 | 292 | 17,710 | 20,125 |
| Travel | 86,957 | 10,123 | 20,107 | 4,375 | 121,562 | — | 989 | 989 | 122,551 |
| Meetings and memberships | 3,034 | 276 | 659 | 160 | 4,129 | 237 | 14,945 | 15,182 | 19,311 |
| Technical assistance | 224,105 | 9,042 | 29,636 | — | 262,783 | — | — | — | 262,783 |
| Depreciation (Note 2) | 1,473 | 140 | 561 | 491 | 2,665 | 421 | 3,929 | 4,350 | 7,015 |
| Miscellaneous | 10,767 | 1,360 | 2,704 | 271 | 15,102 | 11 | 5,069 | 5,080 | 20,182 |
| Grants | 2,757,414 | 449,887 | 665,612 | — | 3,872,913 | — | — | — | 3,872,913 |
| Grants-in-kind (Note 2) | — | — | 301,618 | — | 301,618 | — | — | — | 301,618 |
| Total Expenses | \$3,590,657 | \$ 521,248 | \$ 1,187,216 | \$ 75,723 | \$5,374,844 | \$ 156,832 | \$ 420,116 | \$ 576,948 | \$5,951,792 |

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

AMERICAN NEAR EAST REFUGEE AID
NOTES TO FINANCIAL STATEMENTS

1. Organization

American Near East Refugee Aid (ANERA) is a nonprofit corporation organized for the purpose of extending direct financial assistance and/or gifts-in-kind to Palestinian-Arab refugees and other needy individuals in the Arab world. Consistent with this purpose is the support of developmental, educational, and vocational training programs in the area.

2. Summary of Significant Accounting Policies

Fund Accounting

To ensure observation of the limitations and restrictions placed on the use of resources available to ANERA, the accounts of ANERA are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified into funds established according to their nature and purpose. ANERA segregates its operating resources into unrestricted and restricted funds.

Deferred Revenue

Operating funds restricted by the donor, grantor or other outside party for particular operating purposes are deemed to be earned and reported as revenue of the restricted fund when ANERA has incurred expenditures in compliance with the specific restriction. Such amounts received but not yet earned are reported as deferred revenue.

ANERA deposited \$100,000 in a bank in Jerusalem as collateral for industrial and agribusiness loans to local businesses. As of May 31, 1993, there have been no loan defaults and the \$100,000 has been included in deferred revenue.

Statement Presentation

The accompanying financial statements include the accounts of ANERA's headquarters and Jerusalem offices. All significant transactions between these offices have been eliminated in the accompanying financial statements.

Cash and Cash Equivalents

ANERA considers all investments purchased with a maturity of three months or less to be a cash equivalent.

Inventory

ANERA's inventory consists of drugs and medical supplies received as a result of appeals made to manufacturers and doctors. These items are then donated to hospitals and relief agencies in the Middle East. Contributions of drugs and medical supplies are valued at amounts established by the donors which approximate the fair value at the time of the donation.

Furniture and Equipment

Furniture and equipment are stated at cost and are depreciated using the straight line method over estimated useful lives of five to ten years with no salvage value.

Major additions and improvements purchased with unrestricted funds are capitalized as furniture and equipment while maintenance and repairs are expensed in the year incurred. Assets purchased with Agency for International Development grant funds are expensed as office supplies and equipment and title is held by the grantor.

Grant Commitments

Grant commitments represent funds to be expended in the Middle East for community development, educational and health training programs during the year ended May 31, 1994. ANERA recognizes the commitment as an expense when the grant is approved by the ANERA projects committee.

Functional Allocation of Expenses

ANERA allocates salaries to non-AID programs and supporting services based upon the actual amount of time worked in each area. Salaries are allocated to AID programs based on grant expenditures. Fringe benefits and indirect costs are allocated to various programs and supporting services based on salaries.

3. Agency for International Development (AID) Grant

ANERA was awarded a grant for \$13,043,766 which expires September 29, 1994 from the United States Department of State, Agency for International Development (AID). The purpose of the grant is to assist in the administration of the community and economic development, health and educational programs in the West Bank and Gaza Strip. Authorized expenditures incurred in the administration of the grants are reimbursable to ANERA. As of May 31, 1993, \$12,019,305 has been drawn down from AID for the above noted purposes. At May 31, 1993, \$1,294,234 of the remaining grant is unobligated and is not reflected in ANERA's financial statements.

ANERA has recorded a receivable of \$217,904 at May 31, 1993 representing unreimbursed expenses from the remaining grant. ANERA has paid for these expenses out of unrestricted funds. Therefore, when the funds are reimbursed by AID they will be transferred back to the unrestricted fund.

4. Pension Plan

ANERA has a defined contribution pension plan that covers substantially all of its employees. Contributions are based on annual salaries. The plan is fully funded through the purchase of annuity contracts. Pension plan expense amounted to \$22,308 for the year ended May 31, 1993 and is included in fringe benefits.

5. Accrued Benefits

Law operative in the West Bank and Gaza dictates that upon retirement an employee shall receive a defined termination benefit. The benefit is calculated as one months salary at the employee's salary rate at termination times the number of years of service. ANERA provides this benefit to both Jerusalem employees and full-time consultants. The defined termination benefit at May 31, 1993 was \$158,570. The remaining balance in accrued benefits of \$40,743 represents accrued leave for Washington, D.C. employees.

6. Commitment

ANERA occupies office space in Washington, D.C. under a noncancelable operating lease which expires October 31, 1994. The lease payments are subject to increases based on the Consumer Price Index, operating expenses and real estate taxes.

ANERA also occupies office space in Jerusalem under an operating lease which expires September 30, 1994. The annual lease amount is \$18,000 per year with an increase based on the Jerusalem Consumer Price Index.

As of May 31, 1993, the minimum future lease payments under these agreements, are as follows:

| | <u>Amount</u> |
|------------------------------|------------------|
| Year Ended May 31, 1994 | \$ 97,500 |
| Thereafter | 39,065 |
| Total minimum lease payments | <u>\$136,565</u> |

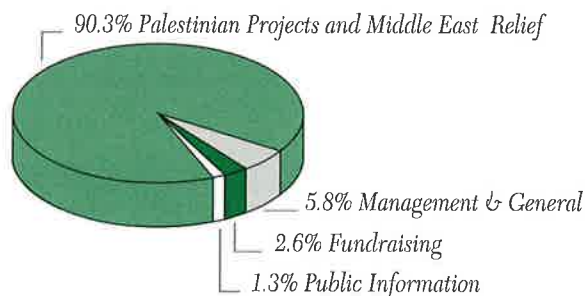
Rent expense for the Washington, D.C. office and the Jerusalem office was \$97,500 for the year ended May 31, 1993 and has been included in occupancy expense.

7. Taxes

Under Section 501(c)(3) of the Internal Revenue Code, ANERA is exempt from Federal taxes on income other than unrelated business income. At May 31, 1993, no provision was made since ANERA had no net unrelated business income.

Financial Review

Contributions to ANERA are tax-deductible and ANERA is audited annually by the Certified Public Accounting firm of Lane & Company. ANERA is registered with and adheres to the standards of the Advisory Committee on Voluntary Foreign Aid of the U.S. Agency for International Development, the National Charities Information Bureau, and the New York State Office of Charities Registration. ANERA is also a member of InterAction, the American Council for Voluntary International Action.



Total Expenditures for FY 93 **\$5,951,792**

ANERA receives support from more than 25,000 individual Americans, small businesses, churches, and from over 20 private foundations and corporations. As in previous years, ANERA received a grant from the U.S. Agency for International Development. Through its membership in the International Service Agencies, ANERA continued its participation in the Combined Federal Campaign and many state and local charity giving campaigns.

ANERA Board of Directors 1993-1994

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Principal
Transnational Associates
Chevy Chase, MD

Michael Ameen

Middle East Consultant
Kingwood, TX

John Duke Anthony

President
National Council on U.S.-
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Washington, DC

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Houston, TX

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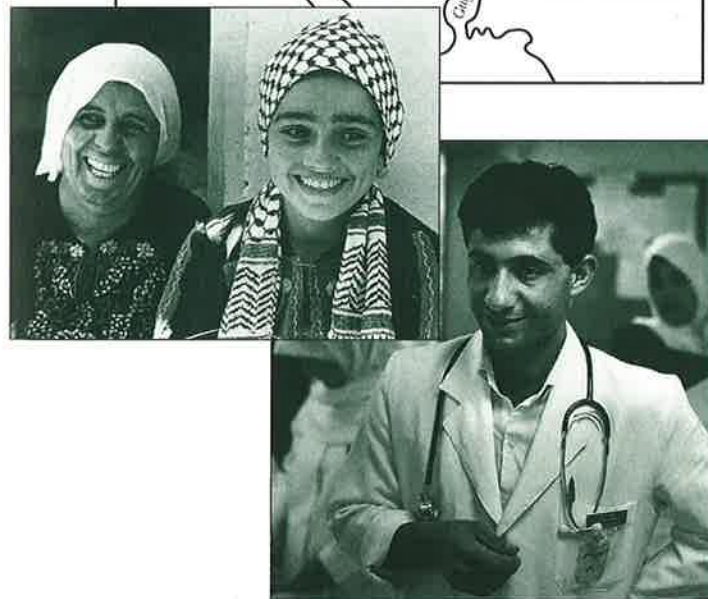
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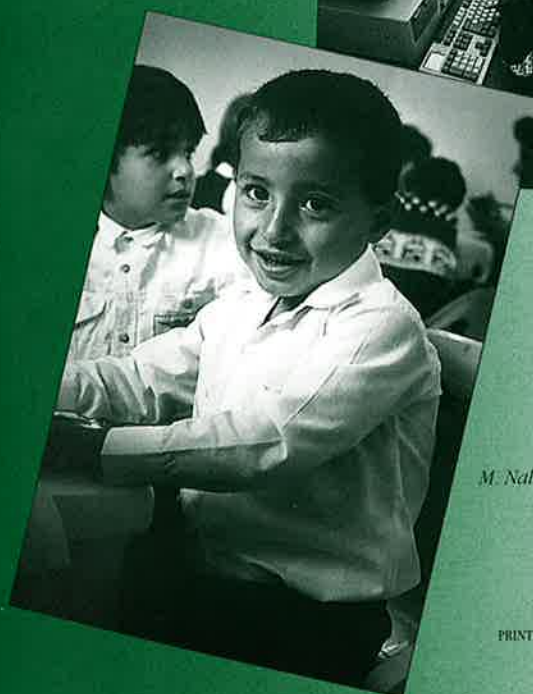
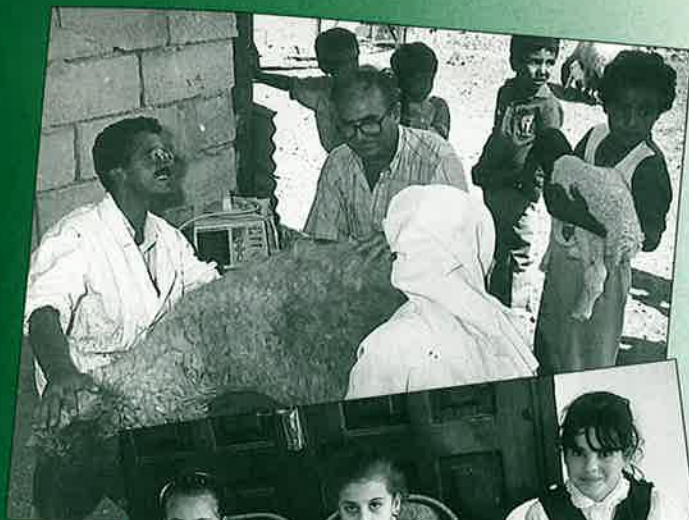


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