

# **American Near East Refugee Aid, Inc.**

Financial Report  
May 31, 2013

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## **Independent Auditor's Report**

To the Board of Directors  
American Near East Refugee Aid, Inc.  
Washington, D.C.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of American Near East Refugee Aid, Inc. (ANERA) which comprise the statement of financial position as of May 31, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Near East Refugee Aid, Inc. as of May 31, 2013, and the results of changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 29, 2013, on our consideration of ANERA'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 these reports is 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 internal control over financial reporting or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ANERA's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "McGladrey LLP". The signature is written in black ink and is positioned above the typed name and date.

Vienna, Virginia  
October 29, 2013

**American Near East Refugee Aid, Inc.**

**Statement Of Financial Position**

**May 31, 2013**

**Assets**

Cash And Cash Equivalents	
Unrestricted	\$ 1,858,934
Restricted	3,371,261
<b>Total cash and cash equivalents</b>	<u>5,230,195</u>
Grants Receivable (Note 2)	1,216,418
Accounts Receivable	15,545
Prepaid Expenses And Other Assets	270,224
Inventory (Note 6)	3,391,001
Property And Equipment, net (Note 3)	<u>263,030</u>
<b>Total assets</b>	<u><u>\$ 10,386,413</u></u>

**Liabilities And Net Assets**

Liabilities	
Accounts payable and accrued expenses	\$ 351,097
Accrued benefits (Note 4)	1,528,153
Deferred grant advances (Note 5)	450,041
Deferred program income	<u>197,942</u>
<b>Total liabilities</b>	<u>2,527,233</u>

Commitments And Contingencies (Notes 8 and 10)

**Net Assets**

Unrestricted	
Undesignated	4,162,441
Board designated	<u>1,121,629</u>
<b>Total unrestricted net assets</b>	<u>5,284,070</u>
Temporarily restricted (Note 9)	2,511,907
Permanently restricted	<u>63,203</u>
<b>Total net assets</b>	<u>7,859,180</u>

**Total liabilities and net assets** \$ 10,386,413

See Notes To Financial Statements.

**American Near East Refugee Aid, Inc.**

**Statement Of Activities  
Year Ended May 31, 2013**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and revenue:</b>				
In-kind contributions (Note 6)	\$ 44,853,545	\$ -	\$ -	\$ 44,853,545
Governmental grant revenue	15,307,069	-	-	15,307,069
Non-governmental grant revenue	922,881	-	-	922,881
Contributions	2,442,417	4,294,665	-	6,737,082
Other income	12,720	-	-	12,720
Net assets released from restrictions	3,528,703	(3,528,703)	-	-
<b>Total support and revenue</b>	<b>67,067,335</b>	<b>765,962</b>	<b>-</b>	<b>67,833,297</b>
<b>Expenses:</b>				
<b>Program services:</b>				
Medical in-kind and health services (Note 6)	44,971,367	-	-	44,971,367
Community and economic development	15,177,654	-	-	15,177,654
Education	3,175,693	-	-	3,175,693
<b>Total program services</b>	<b>63,324,714</b>	<b>-</b>	<b>-</b>	<b>63,324,714</b>
<b>Supporting services:</b>				
Management and general	1,886,034	-	-	1,886,034
Fundraising	408,900	-	-	408,900
<b>Total supporting services</b>	<b>2,294,934</b>	<b>-</b>	<b>-</b>	<b>2,294,934</b>
<b>Total expenses</b>	<b>65,619,648</b>	<b>-</b>	<b>-</b>	<b>65,619,648</b>
<b>Change in net assets</b>	<b>1,447,687</b>	<b>765,962</b>	<b>-</b>	<b>2,213,649</b>
<b>Net assets:</b>				
Beginning	3,836,383	1,745,945	63,203	5,645,531
Ending	\$ 5,284,070	\$ 2,511,907	\$ 63,203	\$ 7,859,180

See Notes To Financial Statements.

**American Near East Refugee Aid, Inc.**

**Statement Of Functional Expenses  
Year Ended May 31, 2013**

	Program Services				Supporting Services			
	Medical In-kind And Health Services	Community And Economic Development	Education	Total Program Services	Management And General	Fundraising	Total Supporting Services	Total
Salaries	\$ 207,078	\$ 1,193,560	\$ 428,385	\$ 1,829,023	\$ 812,565	\$ 88,332	\$ 900,897	\$ 2,729,920
Fringe benefits	82,277	599,159	207,027	888,463	412,446	7,594	420,040	1,308,503
<b>Total salaries and fringe benefits</b>	<b>289,355</b>	<b>1,792,719</b>	<b>635,412</b>	<b>2,717,486</b>	<b>1,225,011</b>	<b>95,926</b>	<b>1,320,937</b>	<b>4,038,423</b>
Grants in-kind	44,189,721	-	186,363	44,376,084	-	-	-	44,376,084
Grants	260,257	12,867,308	2,103,221	15,230,786	-	-	-	15,230,786
Professional services	14,322	56,430	16,449	87,201	244,030	89,331	333,361	420,562
Vehicle expense	24,938	97,240	17,979	140,157	735	-	735	140,892
Repairs and maintenance	1,531	7,397	4,489	13,417	8,158	1,284	9,442	22,859
Occupancy	37,368	101,316	59,872	198,556	221,947	-	221,947	420,503
Office supplies and equipment	2,682	30,768	11,942	45,392	18,993	872	19,865	65,257
Telephone and communications	8,480	42,696	22,558	73,734	17,889	26	17,915	91,649
Postage and shipping	127	848	360	1,335	10,053	31,905	41,958	43,293
In-kind shipping and storage	118,652	-	-	118,652	-	-	-	118,652
Risk management	836	7,976	2,502	11,314	19,635	-	19,635	30,949
Advertising and marketing	78	8,900	1,090	10,068	30	7,465	7,495	17,563
Printing and lettershop	3,571	3,184	1,576	8,331	18,554	62,487	81,041	89,372
Travel	4,174	31,523	25,850	61,547	31,533	57,049	88,582	150,129
Conferences and memberships	1,278	3,582	2,601	7,461	37,039	3,771	40,810	48,271
Banking fees	666	7,101	2,370	10,137	8,276	51,846	60,122	70,259
Board and committee meetings	-	-	-	-	4,107	1,627	5,734	5,734
Technical assistance	6,386	44,142	59,497	110,025	-	-	-	110,025
Miscellaneous	616	401	1,950	2,967	3,070	5,311	8,381	11,348
Depreciation	6,329	74,123	19,612	100,064	16,974	-	16,974	117,038
<b>Total</b>	<b>\$ 44,971,367</b>	<b>\$ 15,177,654</b>	<b>\$ 3,175,693</b>	<b>\$ 63,324,714</b>	<b>\$ 1,886,034</b>	<b>\$ 408,900</b>	<b>\$ 2,294,934</b>	<b>\$ 65,619,648</b>

See Notes To Financial Statements.

**American Near East Refugee Aid, Inc.**

**Statement Of Cash Flows**  
**Year Ended May 31, 2013**

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Cash Flows From Operating Activities	
Change in net assets	\$ 2,213,649
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	117,038
Changes in assets and liabilities:	
(Increase) decrease in:	
Grants receivable	(1,145,535)
Accounts receivable	15,786
Prepaid expenses and other assets	(111,921)
Inventory	(482,361)
Increase (decrease) in:	
Accounts payable and accrued expenses	(44,878)
Accrued benefits	61,353
Deferred grant advances	232,135
Deferred program income	43,432
<b>Net cash provided by operating activities</b>	<u>898,698</u>
Cash Flows From Investing Activities	
Purchase of property and equipment	<u>(27,778)</u>
<b>Net cash used in investing activities</b>	<u>(27,778)</u>
<b>Net increase in cash and cash equivalents</b>	870,920
Cash And Cash Equivalents:	
Beginning	<u>4,359,275</u>
Ending	<u>\$ 5,230,195</u>

See Notes To Financial Statements.



## American Near East Refugee Aid, Inc.

### Notes To Financial Statements

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#### Note 1. Nature Of Activities And Significant Accounting Policies

Nature of activities: American Near East Refugee Aid (ANERA) is a not-for-profit corporation organized in 1968 for the purpose of extending direct financial assistance and/or gifts in-kind to Palestinian-Arab refugees and other needy individuals in the Middle East. Consistent with this purpose is the support of developmental, educational, and health training programs in the area.

ANERA has its headquarters in Washington, D.C. ANERA is also incorporated as required by local laws in Jerusalem, Jordan and Lebanon.

A summary of ANERA's significant accounting policies follows:

Basis of accounting: The accompanying financial statements include the accounts of ANERA's Washington, D.C., Jerusalem, Beirut, and Amman accounts. All significant transactions between these locations have been eliminated in the accompanying financial statements. ANERA maintains its accounts on the accrual basis of accounting.

Basis of presentation: The financial statements presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (the Codification). As required by the Non-Profit Entities topic of the Codification, ANERA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Unrestricted net assets* – Unrestricted net assets result from revenue and other inflows of assets whose use by ANERA is not limited by donor-imposed restrictions. Unrestricted net assets include both undesignated and board designated amounts.

*Board designated net assets* – As of May 31, 2013, board designated net assets that are to be used for emergencies and contingencies were \$1,121,629.

*Temporarily restricted net assets* – Temporarily restricted net assets result from contributions and other inflows of assets whose use by ANERA is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of ANERA pursuant to those stipulations.

*Permanently restricted net assets* – Contributions and other inflows of assets whose use is subject to donor-imposed stipulations that the principal must be maintained permanently by ANERA.

Cash and cash equivalents: Cash and cash equivalents consist of cash and money market accounts.

ANERA entered into a guidance line of credit in July 2011 for \$750,000. A guidance line of credit provides for the opportunity to draw funds on a short-term basis and is not considered a committed line of credit. ANERA has not drawn funds from this letter of credit as of May 31, 2013. This credit facility may be renewed annually and expires January 31, 2014.

Restricted cash: Restricted cash consists of advances from donors for restricted purposes and amounts set aside to meet future obligations, including accrued benefits. At May 31, 2013, restricted cash was \$3,371,261.

Financial risk: ANERA maintains accounts at a number of financial institutions in the United States and the Middle East. The United States bank accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. ANERA holds certain of its cash and cash equivalents in U.S. financial institutions, which, at times, may exceed federally insured limits. ANERA had \$444,513 in foreign accounts which are not insured. ANERA has not experienced any losses in such accounts. ANERA believes it is not exposed to any significant financial risk on cash and cash equivalents.

## American Near East Refugee Aid, Inc.

### Notes To Financial Statements

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#### Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Grant and account receivables: Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a quarterly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using the historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. There was no provision for doubtful accounts at May 31, 2013.

Inventory: Inventory consists of pharmaceuticals, medical supplies and dry-goods, for example, clothing and blankets, donated by other not-for-profit organizations that have not been distributed at May 31, 2013. Donated inventory is stated at fair market value.

Property and equipment: Property and equipment, including software with a cost in excess of \$5,000 per unit, are capitalized at cost and are depreciated using the straight-line method over a five to ten year estimated useful life. Leasehold improvements are amortized over their estimated useful lives or the lease life, whichever is shorter. The cost of equipment funded by federal grants for use in projects is recorded as grant expense in the year of purchase. Assets purchased with temporarily restricted grant funds are expensed as office supplies and equipment, with title held by the grantor.

Deferred grant advances: Deferred grant advances consist of cash received for grants that have not yet been expended. ANERA records grant revenue in relation to expenses incurred.

Deferred program income: ANERA reproduces documents for contractors as a part of its construction projects. These receipts are recorded as deferred program income until expenses are incurred. Revenue is recognized when the funds are spent for program purposes. This deferred program income is available to support specific programs and as agreed to with specific donors.

Foreign currency translation: The functional currency of ANERA is the U.S. dollar. The financial statements and transactions of ANERA's foreign operations are generally maintained in U.S. dollars. Conversions from local currencies to U.S. dollars are done transaction by transaction. Where local currencies are used, assets and liabilities are re-measured at the balance sheet date at the exchange rate in effect at year-end. Gains and losses from foreign currency transactions are included in change in net assets.

Foreign currency transactions: Monthly expenses that are incurred by project field office operations in foreign countries are translated using a weighted monthly average exchange rate in effect at the end of each month. At year-end, balances dominated in foreign currency are valued at the exchange rate in effect at year-end, with gains and losses recognized in the statement of activities.

Use of estimates: The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional allocation of expenses: The costs of providing ANERA's various programs and supporting services have been summarized on a functional basis. Certain direct administrative charges have been allocated to programs and supporting services based on salaries.

Support and revenue: Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

## American Near East Refugee Aid, Inc.

### Notes To Financial Statements

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#### Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

All donor-restricted revenue and support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed materials: ANERA receives medical and other supplies from both for-profit and not-for-profit organizations and ships them to the Middle East. ANERA delivers these donated supplies to hospitals, clinics and charitable organizations. Contributed equipment and supplies received by the field offices are also recorded as support and expenses.

Gifts-in-kind revenue is recognized as revenue in circumstances in which ANERA has sufficient discretion over the use and disposition of the items to recognize a contribution in conformity with the Codification. Accordingly, the recognition of gifts-in-kind revenue is limited to circumstances in which ANERA takes constructive possession of the gifts-in-kind and ANERA is the recipient of the gift, rather than an agent or intermediary (as defined by the Codification).

ANERA obtains United States FDA-approved pharmaceuticals from donors for distribution in developing countries or areas where disasters have occurred. Management has concluded that the geographical areas do not represent its principal market and therefore considers the United States region as its principal market for determining the fair value of the donated prescription drugs. The principal market is the market in which ANERA would sell the asset with the greatest volume and level of activity for the asset. Contributions of United States FDA-approved pharmaceuticals are recorded at the Average Wholesale Price (AWP) as published by Thomson Reuters in the Red Book. The Red Book is an industry recognized drug pricing reference guide for pharmaceuticals in the United States. Contributions of medical equipment and supplies are recorded at estimated wholesale value based upon appropriate wholesale price guides or other online pricing sources as applicable. Non-pharmaceutical gifts-in-kind contributions received by ANERA have been valued at their estimated wholesale value as provided by the donor, or, in the absence of the donors' valuation, using "like-kind" methodology that references United States wholesale pricing data for similar products. One donor, International Health Partners uses the Monthly Index of Medical Specialties (MIMS), a British publication, as the basis for their valuation. It is similar to the Red Book mentioned above. ANERA also receives donation of shoes for which the donor does not provide a value; ANERA conservatively estimates the price to value the shoes based on the value of the shoe per various retail stores.

Gifts-in-kind expense is recorded when the goods are distributed for program use. While it is ANERA's policy to distribute the gifts-in-kind as promptly as possible, undistributed gifts-in-kind are recorded as inventory. The inventory is valued at wholesale values estimated by ANERA. ANERA believes that this approximates the lower of cost or market.

Income taxes: ANERA is generally exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. However, ANERA is subject to income taxes on unrelated business income as defined by the Internal Revenue Service. During the year ended May 31, 2013, ANERA had no taxable unrelated business income and accordingly, no provision for income taxes was required in the accompanying financial statements.

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

## American Near East Refugee Aid, Inc.

### Notes To Financial Statements

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#### Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Management evaluated ANERA's tax positions and concluded that ANERA had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Generally, ANERA is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2010.

Subsequent events: ANERA evaluated subsequent events for potential required disclosure through October 29, 2013, which is the date the financial statements were available to be issued.

#### Note 2. Grants Receivable

Grants receivable at May 31, 2013, consists of the following:

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U.S. government	\$ 22,173
Non -U.S. government	1,004,603
International organizations	144,642
Other	45,000
<b>Total</b>	<b>\$ 1,216,418</b>

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#### Note 3. Property And Equipment

At May 31, 2013, property and equipment consist of the following:

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Vehicles	\$ 454,369
Furniture and office equipment	256,157
Computer equipment and design	79,015
Website design	25,900
<b>Subtotal</b>	<b>815,441</b>
Less accumulated depreciation	(552,411)
<b>Total</b>	<b>\$ 263,030</b>

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Depreciation expense was \$117,038 for the year ended May 31, 2013.

#### Note 4. Accrued Benefits

Accrued benefits consist of the following at May 31, 2013:

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Accrued severance*	\$ 1,346,952
Accrued vacation	177,963
Other benefits	3,238
<b>Total</b>	<b>\$ 1,528,153</b>

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\*The law operative in the West Bank, Gaza strip and Lebanon dictates that upon retirement, an employee shall receive a defined end-of-service benefit. The benefit is calculated as one month's salary at the employee's salary rate at end-of-service multiplied by the number of years of service. At May 31, 2013, \$890,468 was funded of the \$1,346,952.

During the year ended May 31, 2013, termination benefits of \$156,196 were paid.

**American Near East Refugee Aid, Inc.**

**Notes To Financial Statements**

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**Note 5. Deferred Grant Advances**

Deferred grant advances consist of the following at May 31, 2013:

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U.S. government	\$	52,697
Foundations		393,464
Other donors		3,880
<b>Total</b>	<b>\$</b>	<b>450,041</b>

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**Note 6. In-Kind Contributions**

For the year ended May 31, 2013, ANERA recognized in-kind contributions of \$44,853,545 and in-kind grant expenses of \$44,376,084, which is included in the medical in-kind and health services line on the statement of activities. In-kind revenue is recognized when the in-kind contribution is received in ANERA's warehouse. In-kind expense is recognized when the goods are distributed. The inventory balance at May 31, 2013, was \$3,391,001.

As of May 31, 2013, ANERA does not have any in-kind inventory that had landed but not cleared customs. It is ANERA's policy to count inventory after it has been inspected and not count inventory that may be rejected during the process of clearing customs.

**Note 7. Pension Plan**

ANERA has a defined contribution pension plan, or 401(a) Money Purchase Pension Plan which covers substantially all of its headquarters' employees. Contributions are based on annual salaries. Pension plan expense amounted to \$90,459 for the year ended May 31, 2013, and is included in fringe benefits on the statement of functional expenses.

ANERA also offers a 403(b) Tax Deferred Annuity (TDA) to its headquarters employees. In accordance with applicable regulations the employees can contribute into the TDA, and the employer does not contribute to this TDA.

**Note 8. Contingencies**

ANERA participates in a number of federally assisted grant programs, which are subject to financial and compliance audits by the federal agencies or their representatives. As such, there exists a contingent liability for potential questioned costs that may result from such an audit. Management does not anticipate any significant adjustments as a result of such an audit.

**American Near East Refugee Aid, Inc.**

**Notes To Financial Statements**

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**Note 9. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following programs at May 31, 2013:

	Balance May 31, 2012	Additions	Released From Restrictions	Balance May 31, 2013
Community and economic development	\$ 1,186,071	\$ 2,742,761	\$ (1,786,311)	\$ 2,142,521
Education	316,698	1,058,762	(1,059,445)	316,015
Medical in-kind and health services	243,176	493,142	(682,947)	53,371
<b>Total</b>	<b>\$ 1,745,945</b>	<b>\$ 4,294,665</b>	<b>\$ (3,528,703)</b>	<b>\$ 2,511,907</b>

**Note 10. Commitments**

ANERA entered into a new lease with an effective date of April 1, 2010. The lease payments are subject to an annual base rent increase and a proportional share of operating expenses and real estate taxes that are in excess of the base year for the lease.

Other office sites are rented overseas on a year-to-year basis.

At May 31, 2013, the minimum future lease payments under these agreements are as follows:

Years Ending December 31,

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2014	\$ 205,364
2015	210,499
2016	215,761
2017	221,155
2018	226,684
2019 – 2020	429,994
<b>Total</b>	<b>\$ 1,509,457</b>

Rent expense for ANERA was \$420,503 for the year ended May 31, 2013, and has been classified as occupancy expense on the statement of functional expenses.



## Independent Auditor's Report On The Supplementary Information

To the Board of Directors  
American Near East Refugee Aid, Inc.  
Washington, D.C.

We have audited the financial statements of American Near East Refugee Aid, Inc. (ANERA) as of and for the year ended May 31, 2013, and have issued our report thereon, dated October 29, 2013, which contains an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to October 29, 2013.

The accompanying supplementary information is presented for purposes of additional analysis, rather than to present the financial position or results of activities of the individual entities and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*McGladrey LLP*

Vienna, Virginia  
October 29, 2013

American Near East Refugee Aid, Inc.

Statement Of Financial Position

May 31, 2013

(With Comparative Totals For 2012)

<b>Assets</b>	<b>2013</b>	<b>2012</b>
Cash And Cash Equivalents		
Unrestricted	\$ 1,858,934	\$ 1,231,864
Restricted	3,371,261	3,127,411
<b>Total cash and cash equivalents</b>	<b>5,230,195</b>	<b>4,359,275</b>
Grants Receivable	1,216,418	70,883
Accounts Receivable	15,545	31,331
Prepaid Expenses And Other Assets	270,224	158,303
Inventory	3,391,001	2,908,640
Property And Equipment, net	263,030	352,290
<b>Total assets</b>	<b>\$ 10,386,413</b>	<b>\$ 7,880,722</b>
<b>Liabilities And Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 351,097	\$ 395,975
Accrued benefits	1,528,153	1,466,800
Refundable grant advances	450,041	217,906
Deferred program income	197,942	154,510
<b>Total liabilities</b>	<b>2,527,233</b>	<b>2,235,191</b>
Net Assets		
Unrestricted		
Undesignated	4,162,441	2,787,541
Board designated	1,121,629	1,048,842
<b>Total unrestricted net assets</b>	<b>5,284,070</b>	<b>3,836,383</b>
Temporarily restricted	2,511,907	1,745,945
Permanently restricted	63,203	63,203
<b>Total net assets</b>	<b>7,859,180</b>	<b>5,645,531</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,386,413</b>	<b>\$ 7,880,722</b>



American Near East Refugee Aid, Inc.

**Statement Of Activities**  
**Year Ended May 31, 2013**  
**(With Comparative Totals For 2012)**

	2013			Total	2012
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support and revenue:					
In-kind contributions	\$ 44,853,545	\$ -	\$ -	\$ 44,853,545	\$ 20,003,604
Governmental grant revenue	15,307,069	-	-	15,307,069	14,167,451
Non-governmental grant revenue	922,881	-	-	922,881	270,177
Contributions	2,442,417	4,294,665	-	6,737,082	4,920,949
Other income	12,720	-	-	12,720	51,140
Net assets released from restrictions	3,528,703	(3,528,703)	-	-	-
<b>Total support and revenue</b>	<b>67,067,335</b>	<b>765,962</b>	<b>-</b>	<b>67,833,297</b>	<b>39,413,321</b>
Expenses:					
Program services:					
Medical in-kind and health services	44,971,367	-	-	44,971,367	22,625,786
Community and economic development	15,177,654	-	-	15,177,654	14,048,353
Education	3,175,693	-	-	3,175,693	1,554,442
<b>Total program services</b>	<b>63,324,714</b>	<b>-</b>	<b>-</b>	<b>63,324,714</b>	<b>38,228,581</b>
Supporting services:					
Management and general	1,886,034	-	-	1,886,034	2,341,679
Fundraising	408,900	-	-	408,900	361,756
<b>Total supporting services</b>	<b>2,294,934</b>	<b>-</b>	<b>-</b>	<b>2,294,934</b>	<b>2,703,435</b>
<b>Total expenses</b>	<b>65,619,648</b>	<b>-</b>	<b>-</b>	<b>65,619,648</b>	<b>40,932,016</b>
<b>Change in net assets</b>	<b>1,447,687</b>	<b>765,962</b>	<b>-</b>	<b>2,213,649</b>	<b>(1,518,695)</b>
Net assets:					
Beginning	3,836,383	1,745,945	63,203	5,645,531	7,164,226
Ending	\$ 5,284,070	\$ 2,511,907	\$ 63,203	\$ 7,859,180	\$ 5,645,531