

**American Near East Refugee Aid
And Affiliates**

Consolidated Financial Report
May 31, 2010

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Independent Auditor's Report

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

We have audited the accompanying consolidated balance sheet of American Near East Refugee Aid And Affiliates (ANERA) as of May 31, 2010, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of ANERA's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ANERA's internal control over financial reporting. Accordingly, we express no such opinion. 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 provides a reasonable basis for our opinion.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2010, on our consideration of ANERA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in accessing the results of our audit.

As discussed in Note 11 to the financial statements, ANERA has restated its 2009 financial statements to correct a misclassification within net asset classifications in accordance with accounting principles generally accepted in the United States of America. Previously issued reports should not be relied upon with respect to the adjustments described in Note 11. We audited the adjustments described in Note 11 that were applied to restate the 2009 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ANERA as of May 31, 2010, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Vienna, Virginia
December 13, 2010

American Near East Refugee Aid And Affiliates

Consolidated Balance Sheet

May 31, 2010

Assets

| | | |
|-----------------------------------|----|-------------------|
| Cash and cash equivalents | \$ | 8,889,389 |
| Grants receivable | | 589,278 |
| Accounts receivable | | 72,330 |
| Prepaid expenses and other assets | | 162,879 |
| Inventory | | 1,891,760 |
| Property And Equipment, net | | 273,097 |
| | | <hr/> |
| | \$ | <u>11,878,733</u> |

Liabilities And Net Assets

| | | |
|---------------------------------------|----|------------------|
| Liabilities | | |
| Accounts payable and accrued expenses | \$ | 208,996 |
| Accrued benefits | | 1,257,727 |
| Refundable grant advances | | 1,057,672 |
| | | <hr/> |
| | | <u>2,524,395</u> |

Commitments and Contingencies (Notes 8 and 10)

Net Assets

| | | |
|------------------------|----|-------------------|
| Unrestricted | | |
| Undesignated | | 3,094,693 |
| Board designated | | 1,835,177 |
| | | <hr/> |
| | | 4,929,870 |
| Temporarily restricted | | 4,361,265 |
| Permanently restricted | | 63,203 |
| | | <hr/> |
| | | <u>9,354,338</u> |
| | | <hr/> |
| | \$ | <u>11,878,733</u> |

See Notes To Consolidated Financial Statements.

American Near East Refugee Aid And Affiliates

Consolidated Statement Of Activities Year Ended May 31, 2010

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---------------------------------------|---------------------|---------------------------|---------------------------|---------------------|
| Support and Revenue: | | | | |
| In-kind contributions | \$ 31,494,924 | \$ - | \$ - | \$ 31,494,924 |
| Grant revenue | 13,417,210 | 758,498 | - | 14,175,708 |
| Contributions | 2,788,377 | 2,064,531 | 2,100 | 4,855,008 |
| Other income | 127,146 | 2,224 | - | 129,370 |
| Net assets released from restrictions | 3,796,561 | (3,796,561) | - | - |
| Total support and revenue | 51,624,218 | (971,308) | 2,100 | 50,655,010 |
| Expenses | | | | |
| Program services: | | | | |
| Health services | 32,032,314 | - | - | 32,032,314 |
| Community and economic development | 14,046,900 | - | - | 14,046,900 |
| Education | 2,074,531 | - | - | 2,074,531 |
| Public education | 25,594 | - | - | 25,594 |
| Total program services | 48,179,339 | - | - | 48,179,339 |
| Supporting services: | | | | |
| Management and general | 2,295,677 | - | - | 2,295,677 |
| Fundraising | 525,561 | - | - | 525,561 |
| Total supporting services | 2,821,238 | - | - | 2,821,238 |
| Total expenses | 51,000,577 | - | - | 51,000,577 |
| Change in net assets | 623,641 | (971,308) | 2,100 | (345,567) |
| Net Assets | | | | |
| Beginning (as restated Note 11) | 4,306,229 | 5,332,573 | 61,103 | 9,699,905 |
| Ending | \$ 4,929,870 | \$ 4,361,265 | \$ 63,203 | \$ 9,354,338 |

See Notes To Consolidated Financial Statements.

American Near East Refugee Aid And Affiliates

**Consolidated Schedule Of Functional Expenses
Year Ended May 31, 2010**

| | Program Services | | | | Supporting Services | | | | |
|------------------------------------|--|---------------------|----------------------|---------------------|------------------------------|-------------------|---------------------------|---------------------------------|----------------------|
| | Overseas | | Domestic | | Total Program Services | Fundraising | Management And General | Total Supporting Services | Total |
| | Community And Economic Development | Education | Health Services | Public Education | | | | | |
| Salaries | \$ 1,260,202 | \$ 124,657 | \$ 447,786 | \$ 11,845 | \$ 1,844,490 | \$ 145,387 | \$ 1,169,385 | \$ 1,314,772 | \$ 3,159,262 |
| Fringe benefits | 305,730 | 24,572 | 81,577 | 7,368 | 419,247 | 53,122 | 339,948 | 393,070 | 812,317 |
| Total salaries and fringe benefits | 1,565,932 | 149,229 | 529,363 | 19,213 | 2,263,737 | 198,509 | 1,509,333 | 1,707,842 | 3,971,579 |
| Professional services | 144,637 | 536 | 115,236 | 2,364 | 262,773 | 109,176 | 233,271 | 342,447 | 605,220 |
| Intern Expense | 48,804 | - | - | - | 48,804 | - | 11,063 | 11,063 | 59,867 |
| Vehicle expense | 111,035 | 309 | 38,634 | - | 149,978 | - | 3,996 | 3,996 | 153,974 |
| Repairs and Maintenance | 35,854 | 515 | 2,045 | 102 | 38,516 | - | 3,180 | 3,180 | 41,696 |
| Occupancy | 144,751 | 1,676 | 48,604 | 1,470 | 196,501 | - | 274,563 | 274,563 | 471,064 |
| Office supplies & equipment | 62,211 | 3,190 | 21,904 | - | 87,305 | 2,043 | 38,037 | 40,080 | 127,385 |
| Telephone & Communications | 38,293 | 1,031 | 12,649 | - | 51,973 | - | 22,421 | 22,421 | 74,394 |
| Postage & shipping | 5,641 | - | 164,055 | 166 | 169,862 | 30,952 | - | 30,952 | 200,814 |
| Printing & Lettershop | 10,149 | 4,677 | 35,906 | 1,621 | 52,353 | 102,997 | 36,564 | 139,561 | 191,914 |
| Travel | 52,480 | 7,954 | 24,901 | 281 | 85,616 | 9,594 | 59,746 | 69,340 | 154,956 |
| Conferences & Memberships | 12,581 | 4,499 | 23,876 | 377 | 41,333 | 71,876 | 29,012 | 100,888 | 142,221 |
| Technical Assistance | 31,291 | 80,950 | 129,709 | - | 241,950 | - | 621 | 621 | 242,571 |
| Grants | 11,774,434 | 1,775,155 | 1,170,455 | - | 14,720,044 | - | - | - | 14,720,044 |
| Grants in-kind | - | 44,739 | 29,713,738 | - | 29,758,477 | - | - | - | 29,758,477 |
| Miscellaneous | 8,807 | 71 | 1,239 | - | 10,117 | 414 | 15,467 | 15,881 | 25,998 |
| Depreciation | - | - | - | - | - | - | 58,403 | 58,403 | 58,403 |
| | <u>\$ 14,046,900</u> | <u>\$ 2,074,531</u> | <u>\$ 32,032,314</u> | <u>\$ 25,594</u> | <u>\$ 48,179,339</u> | <u>\$ 525,561</u> | <u>\$ 2,295,677</u> | <u>\$ 2,821,238</u> | <u>\$ 51,000,577</u> |

See Notes To Consolidated Financial Statements.

American Near East Refugee Aid And Affiliates

Consolidated Statement Of Cash Flows
Year Ended May 31, 2010

| | |
|---|---------------------|
| <hr/> | |
| Cash Flows From Operating Activities | |
| Change in net assets | \$ (345,567) |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | |
| Depreciation | 58,403 |
| Changes in assets and liabilities: | |
| (Increase) decrease in: | |
| Grants receivable | 343,054 |
| Accounts receivable | (40,868) |
| Prepaid expenses and other assets | 252 |
| Inventory | (1,736,447) |
| Increase (decrease) in: | |
| Accounts payable and accrued expenses | 84,370 |
| Accrued benefits | 251,344 |
| Refundable grant advances | 982,127 |
| Net cash used in operating activities | <u>(403,332)</u> |
| | |
| Cash Flows From Investing Activities | |
| Purchase of property and equipment | (185,766) |
| Net cash used in investing activities | <u>(185,766)</u> |
| | |
| Net decrease in cash and cash equivalents | (589,098) |
| | |
| Cash And Cash Equivalents | |
| Beginning | <u>9,478,487</u> |
| | |
| Ending | <u>\$ 8,889,389</u> |

See Notes To Consolidated Financial Statements.

American Near East Refugee Aid And Affiliates

Notes To Consolidated Financial Statements

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 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, DC. ANERA is also incorporated in Jerusalem, Jordan and Lebanon.

A summary of ANERA's significant accounting policies follows:

Principles of consolidation: These consolidated financial statements include the accounts of American Near East Refugee Aid (ANERA), ANERA Jerusalem, ANERA Jordan and ANERA Lebanon. Intercompany accounts and transactions have been eliminated in consolidation.

Basis of accounting: The accompanying financial statements include the accounts of ANERA's Washington, D.C., Jerusalem, Beirut, and Amman offices. All significant transactions between these offices 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 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, 2010, board designated net assets that are to be used for emergencies and contingencies were \$1,835,177.

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. Temporarily restricted net assets whose restrictions are met in the same year are recorded as unrestricted.

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, money market mutual funds, and certificates of deposit with an original maturity date of equal to or less than three months.

Financial risk: ANERA maintains accounts at a number of financial institutions in the United States and the Middle East. The United States bank accounts, consisting of checking accounts and short-term certificates of deposit, are insured by the Federal Deposit Insurance Corporation up to \$250,000. ANERA maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. ANERA has \$4,364,472 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 And Affiliates

Notes To Consolidated Financial Statements

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

Grant 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, 2010.

Inventory: Inventory consists of medical supplies donated by other not-for-profit organizations that have not been distributed at May 31, 2010. Donated inventory is stated at fair market value and purchased inventory is stated at the lower of cost or market.

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.

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

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.

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.

Grant revenue is recognized as costs qualified under the grants are incurred. Grant funds received in excess of costs incurred are recorded as refundable grant advances until earned. Grant costs incurred in excess of funds received are recorded as receivables.

Contributed services and materials: ANERA receives contributed equipment and supplies, recorded in the period received as unrestricted support and expenses in the period distributed based on their estimated fair value. Contributed equipment and supplies are also received by the field offices, and are recorded as support and expenses.

Functional allocation of expenses: The costs of providing ANERA's various programs and supporting services have been summarized on a functional basis. Overhead costs which cannot be specifically identified with a program or supporting service are allocated to the programs and supporting services based on salaries.

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.

Foreign currency transactions: Foreign currency transactions during the year are recorded at actual exchange rates in effect at the date of the transaction. At year end, assets and liabilities are translated into U.S. dollars at foreign exchange rates in effect at the balance sheet dates.

American Near East Refugee Aid And Affiliates

Notes To Consolidated Financial Statements

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

Income taxes: ANERA is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code, whose revenue is derived from contributions. ANERA is qualified, commencing July 1, 2003, as a public charity under Sections 509(a)(1) and 170(b)(1)(a)(vi) of the Code. ANERA is not subject to federal or state income taxes.

On June 1, 2009, ANERA adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, 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.

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. With few exceptions, ANERA is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before May 31, 2007.

Subsequent events: ANERA evaluated subsequent events for potential required disclosure through December 13, 2010, which is the date the financial statements were available to be issued.

Note 2. In-Kind Contributions

ANERA receives medical and other supplies from not-for-profit organizations and ships them to the Middle East. ANERA delivers these donated supplies to hospitals, clinics and charitable organizations. ANERA recognized on its statement of activities in-kind contributions of \$31,484,925 and health services expense of \$31,922,604 for the year ended May 31, 2010. Contributions are valued at cost.

Note 3. Grants Receivable

Grants receivable as of May 31, 2010 are as follows:

| | |
|---|-------------------|
| U.S. Agency for International Development | \$ 219,778 |
| U.S. Department of State | 327,833 |
| Other grants | 41,667 |
| | <u>\$ 589,278</u> |

American Near East Refugee Aid And Affiliates

Notes To Consolidated Financial Statements

Note 4. Property And Equipment

At May 31, 2010, property and equipment consist of the following:

| | | |
|-------------------------------------|----|-----------------------|
| Vehicle | \$ | 219,340 |
| Furniture and office equipment | | 217,082 |
| Software | | 56,989 |
| Total property and equipment | | <u>493,411</u> |
| Less accumulated depreciation | | <u>(220,314)</u> |
| | \$ | <u><u>273,097</u></u> |

Depreciation expense was \$58,403 for the year ended May 31, 2010.

Note 5. Refundable Grant Advances

Refundable grant advances as of May 31, 2010 are as follows:

| | | |
|---|----|-------------------------|
| U.S. Agency for International Development | \$ | 937,031 |
| Other grants | | 120,641 |
| | \$ | <u><u>1,057,672</u></u> |

Note 6. Pension Plan

ANERA has a defined contribution pension plan that covers substantially all of its headquarters' employees. Contributions are based on annual salaries. Pension plan expense amounted to \$160,756 for the year ended May 31, 2010, and is included in fringe benefits on the schedule of functional expenses.

Note 7. Accrued Benefits

The law operative in the West Bank and the Gaza strip and in Lebanon dictates that upon retirement, an employee shall receive a defined termination benefit. The benefit is calculated as one month's salary at the employee's salary rate at termination multiplied by the number of years of service. ANERA provides this benefit to both Jerusalem employees and full-time consultants.

During the year ended May 31, 2010, \$30,891 of benefits were paid. The defined termination benefit at May 31, 2010 was \$957,890. The remaining balance of accrued benefits of \$299,837 represents accrued benefits for Washington, D.C. employees.

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 And Affiliates

Notes To Consolidated Financial Statements

Note 9. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following programs at May 31, 2010:

| | Balance May 31, 2009 | Additions | Transfers | Released from Restrictions | Balance May 31, 2010 |
|------------------------------------|-------------------------|---------------------|-------------|-------------------------------|-------------------------|
| Community and economic development | \$ 3,940,449 | \$ 130,754 | \$ - | \$ 1,239,668 | \$ 2,831,535 |
| Education | 1,084,761 | 1,395,066 | (50,000) | 1,308,518 | 1,121,309 |
| Health services | 307,363 | 1,299,433 | 50,000 | 1,248,375 | 408,421 |
| | <u>\$ 5,332,573</u> | <u>\$ 2,825,253</u> | <u>\$ -</u> | <u>\$ 3,796,561</u> | <u>\$ 4,361,265</u> |

Transfers among the different programs were due to donors redirecting their original contributions.

Note 10. Commitments

ANERA occupied office space in Washington, D.C. under a non-cancellable operating lease which was terminated in March 2010. ANERA entered into a new lease with effective start 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, 2010, the minimum future lease payments under these agreements are as follows:

Years Ending December 31,

| | |
|------------|---------------------|
| 2011 | \$ 174,875 |
| 2012 | 195,469 |
| 2013 | 200,356 |
| 2014 | 205,364 |
| 2015 | 210,499 |
| Thereafter | 1,093,594 |
| | <u>\$ 2,080,157</u> |

Rent expense for ANERA was \$471,064 for the year ended May 31, 2010 has been classified as occupancy expense on the schedule of functional expenses.

American Near East Refugee Aid And Affiliates

Notes To Consolidated Financial Statements

Note 11. Prior Period Adjustments

During the year ended May 31, 2010, management determined that classifications among the net asset classes were not properly recorded. Unrestricted net assets, temporarily restricted net assets and permanently restricted net assets are restated as of May 31, 2009 to correct the various errors.

The effect is as follows:

| | Net Assets | | | |
|---|--------------|------------------------|------------------------|--------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| May 31, 2009, as originally reported | \$ 5,024,756 | \$ 4,675,149 | \$ - | \$ 9,699,905 |
| Prior period adjustments | | | | |
| Restrictions satisfied in prior years not properly released from restriction | 190,428 | (190,428) | - | - |
| Temporarily restricted contribution was recorded as unrestricted | (681,085) | 681,085 | - | - |
| Releases from restriction erroneously recorded | (222,767) | 222,767 | - | - |
| Permanently restricted fund was erroneously recorded as temporarily restricted and unrestricted | (5,103) | (56,000) | 61,103 | - |
| May 31, 2009, as restated | \$ 4,306,229 | \$ 5,332,573 | \$ 61,103 | \$ 9,699,905 |



Independent Auditor's Report On The Supplementary Information

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

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements as of and for the year ended May 31, 2010 taken as a whole. The supplementary information which follows is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. The supplementary information as of and for the year ended May 31, 2010 has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and in our opinion is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole. The supplementary information as of and for the year ended May 31, 2009 was audited by other auditors whose report dated January 12, 2010 expressed an unqualified opinion on such information in relation to the basic consolidated financial statements taken as a whole.

McGladrey & Pullen, LLP

Vienna, Virginia
December 13, 2010

American Near East Refugee Aid

Consolidated Balance Sheet

May 31, 2010

(With Comparative Totals For 2009)

| Assets | 2010 | 2009 |
|-----------------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 8,889,389 | \$ 9,478,487 |
| Grants receivable | 589,278 | 932,332 |
| Accounts receivable | 72,330 | 31,462 |
| Prepaid expenses and other assets | 162,879 | 163,131 |
| Inventory | 1,891,760 | 155,313 |
| Property And Equipment, net | 273,097 | 145,734 |
| | <u>\$ 11,878,733</u> | <u>\$ 10,906,459</u> |

Liabilities And Net Assets

| | | |
|---------------------------------------|----------------------|----------------------|
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 208,996 | \$ 124,626 |
| Accrued benefits | 1,257,727 | 1,006,383 |
| Refundable grant advances | 1,057,672 | 75,545 |
| | <u>2,524,395</u> | <u>1,206,554</u> |
| Net Assets | | |
| Unrestricted | | |
| Undesignated | 3,094,693 | 2,768,591 |
| Board designated | 1,835,177 | 1,537,638 |
| | <u>4,929,870</u> | <u>4,306,229</u> |
| Temporarily restricted | 4,361,265 | 5,332,573 |
| Permanently restricted | 63,203 | 61,103 |
| | <u>9,354,338</u> | <u>9,699,905</u> |
| | <u>\$ 11,878,733</u> | <u>\$ 10,906,459</u> |

American Near East Refugee Aid

Consolidated Statement Of Activities
 Year Ended May 31, 2010
 (With Comparative Totals For 2009)

| | 2010 | | | Total | 2009 |
|---------------------------------------|-------------------|------------------------|------------------------|-------------------|-------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | | |
| Support and Revenue: | | | | | |
| In-kind contributions | \$ 31,494,924 | \$ - | \$ - | \$ 31,494,924 | \$ 29,367,127 |
| Grant revenue | 13,417,210 | 758,498 | - | 14,175,708 | 11,326,522 |
| Contributions | 2,788,377 | 2,064,531 | 2,100 | 4,855,008 | 7,486,991 |
| Other income | 127,146 | 2,224 | - | 129,370 | 6,356 |
| Net assets released from restrictions | 3,796,561 | (3,796,561) | - | - | - |
| Total support and revenue | 51,624,218 | (971,308) | 2,100 | 50,655,010 | 48,186,996 |
| Expenses | | | | | |
| Program services: | | | | | |
| Health services | 32,032,314 | - | - | 32,032,314 | 32,881,550 |
| Community and economic development | 14,046,900 | - | - | 14,046,900 | 11,889,932 |
| Education | 2,074,531 | - | - | 2,074,531 | 1,597,945 |
| Public education | 25,594 | - | - | 25,594 | 10,750 |
| Total program services | 48,179,339 | - | - | 48,179,339 | 46,380,177 |
| Supporting services: | | | | | |
| Management and general | 2,295,677 | - | - | 2,295,677 | 2,013,079 |
| Fundraising | 525,561 | - | - | 525,561 | 212,815 |
| Total supporting services | 2,821,238 | - | - | 2,821,238 | 2,225,894 |
| Total expenses | 51,000,577 | - | - | 51,000,577 | 48,606,071 |
| Change in net assets | 623,641 | (971,308) | 2,100 | (345,567) | (419,075) |
| Net Assets | | | | | |
| Beginning | 4,306,229 | 5,332,573 | 61,103 | 9,699,905 | 10,118,980 |
| Ending | \$ 4,929,870 | \$ 4,361,265 | \$ 63,203 | \$ 9,354,338 | 9,699,905 |