American Near East Refugee Aid and Affiliates

Consolidated Financial Report
May 31, 2025

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RSM US LLP

Independent Auditor's Report

Board of Directors
American Near East Refugee Aid

Report on the Audit of Financial Statements

Opinion

We have audited the consolidated financial statements of American Near East Refugee Aid and Affiliates (Anera), which comprise the consolidated statements of financial position as of May 31, 2025 and 2024, the related consolidated statements of activities, functional expenses and cash flows for the years then ended and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Anera as of May 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Anera and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Anera's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Anera's ability to continue as a going concern for a reasonable period of time.

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

RSM US LLP

Washington, D.C.
October 22, 2026

American Near East Refugee Aid and Affiliates

Consolidated Statements of Financial Position
May 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents (Note 3)	**$ 42,774,263**	$ 26,663,701
Accounts receivable	**850,347**	378,127
Grants and contributions receivable (Note 4)	**3,322,752**	3,045,551
Advances to subrecipients	**618,387**	598,936
Prepaid expenses and other assets	**237,885**	295,877
Inventory (Note 9)	**1,049,066**	12,245,712
Right-of-use assets (Note 8)	**1,441,520**	1,857,635
Investments (Note 3)	**5,253,385**	7,545,768
Property and equipment, net (Note 5)	**335,116**	253,991
	$ 55,882,721	$ 52,885,298
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 2,250,031**	$ 3,869,403
Accrued benefits (Note 6)	**2,213,765**	1,887,684
Lease obligations, net (Note 8)	**1,655,765**	1,992,105
Deferred revenue	**76,321**	1,233,803
Refundable advances (Note 7)	**13,446,575**	5,248,990
Total liabilities	**19,642,457**	14,231,985
Commitments and contingencies (Notes 11 and 13)		
Net assets:		
Without donor restrictions:		
Undesignated	**21,629,154**	12,938,666
Board-designated reserves	**6,135,809**	4,375,076
Designated for inventory	**1,049,066**	12,245,712
Invested in property and equipment	**335,116**	253,991
Total net assets without donor restrictions	**29,149,145**	29,813,445
With donor restrictions (Note 12):		
Purpose-restricted	**6,987,416**	8,736,165
Perpetual in nature	**103,703**	103,703
Total net assets with donor restrictions	**7,091,119**	8,839,868
Total net assets	**36,240,264**	38,653,313
	$ 55,882,721	$ 52,885,298

See notes to consolidated financial statements.

American Near East Refugee Aid and Affiliates

Consolidated Statements of Activities
Years Ended May 31, 2025 and 2024

	2025					2024				
	Without Donor Restrictions	With Donor Restrictions				Without Donor Restrictions	With Donor Restrictions			
		Purpose Restricted	Perpetual in Nature	Subtotal	Total		Purpose Restricted	Perpetual in Nature	Subtotal	Total
Support and revenue:										
Nonfinancial contributions (Note 9)	$ 121,117,789	$ -	$ -	$ -	$ 121,117,789	$ 133,935,627	$ -	$ -	$ -	$ 133,935,627
Governmental grant revenue	355,670	-	-	-	355,670	2,912,575	-	-	-	2,912,575
Nongovernmental grant revenue	21,359,035	-	-	-	21,359,035	27,821,858	-	-	-	27,821,858
Contributions	17,916,650	14,708,482	-	14,708,482	32,625,132	15,159,530	24,241,106	-	24,241,106	39,400,636
Investment gain	1,434,083	-	-	-	1,434,083	720,552	-	-	-	720,552
Currency valuation (loss) gain	(12,515)	-	-	-	(12,515)	114,714	-	-	-	114,714
Net assets released from restrictions (Note 12)	16,457,231	(16,457,231)	-	(16,457,231)	-	18,026,840	(18,026,840)	-	(18,026,840)	-
Total support and revenue	178,627,943	(1,748,749)	-	(1,748,749)	176,879,194	198,691,696	6,214,266	-	6,214,266	204,905,962
Expenses:										
Program services:										
Medical donations and health services (Note 9)	159,210,549	-	-	-	159,210,549	167,950,779	-	-	-	167,950,779
Education and livelihoods	5,385,359	-	-	-	5,385,359	5,181,414	-	-	-	5,181,414
Community and economic development	5,335,073	-	-	-	5,335,073	2,824,102	-	-	-	2,824,102
Total program services	169,930,981	-	-	-	169,930,981	175,956,295	-	-	-	175,956,295
Supporting services:										
Management and general	6,986,721	-	-	-	6,986,721	4,714,108	-	-	-	4,714,108
Fundraising	2,374,541	-	-	-	2,374,541	1,955,837	-	-	-	1,955,837
Total supporting services	9,361,262	-	-	-	9,361,262	6,669,945	-	-	-	6,669,945
Total expenses	179,292,243	-	-	-	179,292,243	182,626,240	-	-	-	182,626,240
Change in net assets	(664,300)	(1,748,749)	-	(1,748,749)	(2,413,049)	16,065,456	6,214,266	-	6,214,266	22,279,722
Net assets:										
Beginning	29,813,445	8,736,165	103,703	8,839,868	38,653,313	13,747,989	2,521,899	103,703	2,625,602	16,373,591
Ending	$ 29,149,145	$ 6,987,416	$ 103,703	$ 7,091,119	$ 36,240,264	$ 29,813,445	$ 8,736,165	$ 103,703	$ 8,839,868	$ 38,653,313

See notes to consolidated financial statements.

American Near East Refugee Aid and Affiliates

Consolidated Statement of Functional Expenses
Year Ended May 31, 2025

	Program Services				Supporting Services			
	Medical Donations and Health Services	Education and Livelihoods	Community and Economic Development	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 1,835,404	$ 725,033	$ 672,838	$ 3,233,275	$ 1,988,643	$ 932,007	$ 2,920,650	$ 6,153,925
Fringe benefits	843,174	242,829	183,753	1,269,756	921,654	454,552	1,376,206	2,645,962
Total salaries and fringe benefits	2,678,578	967,862	856,591	4,503,031	2,910,297	1,386,559	4,296,856	8,799,887
Grants—nonfinancial (Note 9)	132,188,878	125,954	-	132,314,832	-	-	-	132,314,832
Subcontractors	21,607,797	3,528,155	3,761,528	28,897,480	4,159	-	4,159	28,901,639
Occupancy	135,384	121,526	63,627	320,537	669,507	-	669,507	990,044
Professional services	237,966	23,457	21,491	282,914	2,055,156	374,489	2,429,645	2,712,559
Travel	97,056	55,769	100,251	253,076	160,492	77,314	237,806	490,882
Office supplies and equipment	85,591	16,481	12,347	114,419	32,140	9,347	41,487	155,906
Vehicle expense	133,994	7,696	846	142,536	14,039	-	14,039	156,575
Printing and lettershop	17,680	5,795	9,058	32,533	47,155	160,621	207,776	240,309
Telephone and communications	43,455	18,795	11,135	73,385	26,381	195	26,576	99,961
Postage and shipping	90	10	32	132	25,466	46,697	72,163	72,295
Technical assistance	1,525,248	500,580	326,015	2,351,843	9,917	-	9,917	2,361,760
Repairs and maintenance	2,722	6,336	3,996	13,054	6,799	-	6,799	19,853
Conferences and memberships	36,089	-	12,826	48,915	81,113	83,607	164,720	213,635
Banking fees	9,326	6,868	16,077	32,271	137,815	198,306	336,121	368,392
Medical donations shipping and storage	399,431	6	108,422	507,859	1,521	-	1,521	509,380
Advertising and marketing	2,743	66	86	2,895	20,379	25,174	45,553	48,448
Risk management	70	3	5	78	94,146	-	94,146	94,224
Board and committee meetings	141	-	191	332	2,526	12,232	14,758	15,090
Bad debt expense	335	-	30,549	30,884	600,909	-	600,909	631,793
Miscellaneous	7,975	-	-	7,975	29,718	-	29,718	37,693
Total expenses before depreciation	159,210,549	5,385,359	5,335,073	169,930,981	6,929,635	2,374,541	9,304,176	179,235,157
Depreciation	-	-	-	-	57,086	-	57,086	57,086
Total expenses before allocations	159,210,549	5,385,359	5,335,073	169,930,981	6,986,721	2,374,541	9,361,262	179,292,243
Allocation of management and general	189,280	344,495	253,395	787,170	(787,170)	-	(787,170)	-
Total expenses after allocations	$ 159,399,829	$ 5,729,854	$ 5,588,468	$ 170,718,151	$ 6,199,551	$ 2,374,541	$ 8,574,092	$ 179,292,243

See notes to consolidated financial statements.

American Near East Refugee Aid and Affiliates

Consolidated Statement of Functional Expenses
Year Ended May 31, 2024

	Program Services				Supporting Services			
	Medical Donations and Health Services	Education and Livelihoods	Community and Economic Development	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 1,501,694	$ 818,672	$ 354,075	$ 2,674,441	$ 2,059,547	$ 764,754	$ 2,824,301	$ 5,498,742
Fringe benefits	716,868	236,333	106,799	1,060,000	854,221	336,668	1,190,889	2,250,889
Total salaries and fringe benefits	2,218,562	1,055,005	460,874	3,734,441	2,913,768	1,101,422	4,015,190	7,749,631
Grants—nonfinancial (Note 9)	130,245,621	81,014	-	130,326,635	24,861	-	24,861	130,351,496
Subcontractors	33,413,602	3,384,783	1,869,530	38,667,915	3,229	-	3,229	38,671,144
Occupancy	353,929	128,464	34,491	516,884	311,480	5,331	316,811	833,695
Professional services	405,019	70,337	134,623	609,979	981,960	176,032	1,157,992	1,767,971
Travel	135,911	52,056	26,797	214,764	134,105	84,878	218,983	433,747
Office supplies and equipment	104,788	16,405	5,966	127,159	21,353	5,801	27,154	154,313
Vehicle expense	89,622	21,829	18,859	130,310	(12,538)	-	(12,538)	117,772
Printing and lettershop	37,143	21,324	2,704	61,171	20,007	65,121	85,128	146,299
Telephone and communications	34,415	19,637	5,368	59,420	17,849	20,400	38,249	97,669
Postage and shipping	206,005	29	2,923	208,957	29,223	33,714	62,937	271,894
Technical assistance	285,485	292,006	82,176	659,667	1,423	-	1,423	661,090
Repairs and maintenance	4,377	(172)	530	4,735	29,461	-	29,461	34,196
Conferences and memberships	33,638	917	10,024	44,579	46,758	21,366	68,124	112,703
Banking fees	31,254	37,721	15,026	84,001	48,993	414,983	463,976	547,977
Medical donations shipping and storage	347,980	1	16,940	364,921	(23,760)	-	(23,760)	341,161
Advertising and marketing	611	58	79	748	2,727	25,517	28,244	28,992
Risk management	128	-	8	136	67,730	-	67,730	67,866
Board and committee meetings	57	-	-	57	3,304	97	3,401	3,458
Miscellaneous	2,632	-	137,184	139,816	16,882	1,175	18,057	157,873
Total expenses before depreciation	167,950,779	5,181,414	2,824,102	175,956,295	4,638,815	1,955,837	6,594,652	182,550,947
Depreciation	-	-	-	-	75,293	-	75,293	75,293
Total expenses before allocations	167,950,779	5,181,414	2,824,102	175,956,295	4,714,108	1,955,837	6,669,945	182,626,240
Allocation of management and general	627,932	290,860	62,667	981,459	(981,459)	-	(981,459)	-
Total expenses after allocations	$ 168,578,711	$ 5,472,274	$ 2,886,769	$ 176,937,754	$ 3,732,649	$ 1,955,837	$ 5,688,486	$ 182,626,240

See notes to consolidated financial statements.

American Near East Refugee Aid and Affiliates

Consolidated Statements of Cash Flows
Years Ended May 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	**$ (2,413,049)**	$ 22,279,722
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Net realized and change in unrealized gain on investments	**(571,886)**	(532,891)
Depreciation and amortization	**57,086**	75,293
Changes in assets and liabilities:		
Trade receivables	**(768,872)**	(2,203,811)
Inventories	**11,196,646**	(3,211,429)
Prepaid expenses	**57,992**	(121,815)
Operating lease right-of-use assets	**416,115**	282,075
Accounts payable	**(1,619,372)**	2,844,116
Accrued expenses	**326,081**	254,579
Operating lease liabilities	**(336,340)**	(285,189)
Deferred revenue	**(1,157,482)**	911,852
Refundable advance	**8,197,585**	974,660
Net cash provided by operating activities	**13,384,504**	21,267,162
Cash flows from investing activities:		
Sales or maturities of investments	**2,864,269**	15,246
Purchases of property and equipment	**(138,211)**	(11,990)
Net cash provided by investing activities	**2,726,058**	3,256
Net increase in cash and cash equivalents	**16,110,562**	21,270,418
Cash and cash equivalents:		
Beginning	**26,663,701**	5,393,283
Ending	**$ 42,774,263**	$ 26,663,701

See 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 nonprofit corporation organized in 1968 for the purpose of improving the lives of Palestinian and other needy communities in the Middle East through grants, financial contributions and non-financial contributions. Consistent with this purpose is Anera's support of infrastructure, agriculture, education and health programs for relief and development goals.

Anera has its U.S.-based offices in Washington, D.C. Anera is incorporated in Washington, D.C. and is registered as required by local laws in Jerusalem, West Bank, Gaza, Lebanon and Jordan.

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, West Bank, Gaza, Lebanon and Jordan locations. All significant transactions between these locations have been eliminated in the accompanying consolidated financial statements. Anera maintains its accounts on the accrual basis of accounting.

Principles of consolidation: The consolidated financial statements (collectively, the financial statements) include the accounts of Anera, along with its activities carried out through international country program offices, some of which are registered as branch offices of Anera U.S., and others of which are formed as legally separate entities (LSEs). It is Anera's policy to consolidate financial statements for those offices that meet both control and economic interest factors as per Accounting Standards Codification Subtopic 958-810, Not-for-Profit Entities—Consolidation. Financial statements and supplemental schedules herein are, therefore, reported based on a consolidation of Anera's U.S. domestic operations with operations of Anera's country offices for which the control and economic interest criteria prevail. All significant intercompany accounts and transactions are eliminated in consolidation

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification or ASC). As required by the Non-Profit Entities Topic of the Codification, Anera reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions as follows:

Net assets without donor restrictions: Net assets without donor restrictions include unrestricted undesignated, board-designated and certain amounts not available to support general operations.

Undesignated net assets: Undesignated net assets result from revenue and other inflows of assets whose use by Anera is not limited by donor-imposed restrictions.

Board-designated net assets: As of May 31, 2025 and 2024, board-designated net assets were $6,135,809 and $4,375,076, respectively. As of May 31, 2025, $4,500,000 was designated as a reserve for emergencies and contingencies, $500,000 was designated as a Disaster Preparedness Fund and $1,135,809 was designated as a Board Endowment Fund. As of May 31, 2024, $3,000,000 was designated as a reserve for emergencies and contingencies, $250,000 was designated as a Disaster Preparedness Fund and $1,125,076 was designated as a Board Endowment Fund.

Net assets with donor restrictions: Net assets with donor restrictions include purpose restricted net assets and net assets that are perpetual in nature.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Purpose-restricted net assets: Purpose-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.

Perpetual in nature net assets: Perpetual in nature restricted net assets result from contributions and other inflows of assets whose use is subject to donor-imposed stipulations that the principal must be maintained in perpetuity by Anera

Cash, cash equivalents and investments: Cash and cash equivalents consist of cash and money market accounts and mutual funds. Total money market mutual funds included in cash and cash equivalents as of May 31, 2025 and 2024, were $70,293 and $62,333, respectively.

Investments with readily determinable fair value are reflected at fair market value. Unrealized gains and losses on investments are reported net in the consolidated statements of activities as part of investment income gain (loss). Investment advisor and trading fees related to the portfolio are presented net within investment gain (loss).

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 per depository bank. Anera holds certain of its cash and cash equivalents in U.S. financial institutions which, at times, may exceed federally insured limits. Anera had $6,968,079 and $2,376,306 in foreign accounts, which are not insured as of May 31, 2025 and 2024, respectively. Anera has not experienced any losses in such accounts.

Grants, contributions and accounts receivable: Grants, contributions and accounts receivable are carried at original unbilled, promised or invoiced 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 allowance for doubtful accounts at May 31, 2025 and 2024.

Advances to sub-recipients: Advances to sub-recipients represent funds that were provided to sub-recipients for services to be provided at a later date. Once the services are complete, Anera recognizes the expense.

Inventory: Inventory consists of pharmaceuticals, medical supplies and dry goods, such as clothing and blankets and computer equipment donated by other organizations that have not been distributed at May 31, 2025 and 2024. The inventory is valued at fair value at the time of donation and this becomes the carrying cost. Ongoing inventory is valued at the lower of cost or net realizable value.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

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 10 year estimated useful life. Equipment purchased with federal funds and temporarily restricted funds are billed to donors when purchased and capitalized in accordance with Anera's capitalization policy as previously stated.

Refundable advances: Refundable advances consists of cash received under conditional awards for grant advances and contributions to support events in future periods, which have not yet been expended.

Leases: Anera leases certain office space, warehouses, housing, equipment and vehicles. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Right-of-use (ROU) assets represent Anera's right to use an underlying asset for the lease term and lease obligations represent Anera's liability to make lease payments. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. To determine the present value of lease payments, management uses either the lease implicit discount if known, or if no implicit rate in lease, Anera's secured incremental borrowing rate based on the information available at lease commencement. ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Anera's lease terms may include options to extend or terminate the lease when it is reasonably certain that Anera will exercise the option.

Leases with an initial term of 12 months or less are not recorded on the statements of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Anera has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components, based on stand-alone prices.

Foreign currency transactions and 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. Where local currencies are used, assets and liabilities are re-measured at the exchange rate on the consolidated statements of financial position date. 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 denominated in foreign currency are normally valued at the exchange rate in effect at year-end, with gains and losses included within other income on the accompanying consolidated statements of activities.

Foreign assets: Assets (excluding foreign cash) held in foreign countries, consisting primarily of inventory, were $1,049,066 and $12,245,712 as of May 31, 2025 and 2024, respectively.

Deferred revenue: Due to recent significant exchange rate fluctuations in Lebanon, along with an unwavering official government rate, a deferred currency exchange gain of $818,922 has been recorded as of May 31, 2024, for which revenue will be recognized as the funds are expended for the purpose of the grant. There was no such revenue recognized in the year ended May 31, 2025.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 or use of space. This basis is consistently applied. Allocated expenses include depreciation, occupancy, vehicle expenses and office expenses, which are allocated on a use-of-space basis, as well as fringe benefits, which are allocated based on salaries.

Support and revenue: Unconditional contributions are recorded when received as without donor restrictions or with donor restrictions. Conditional contributions are not recorded as support until the condition(s) have been substantially met.

Any donor purpose restricted contributions received in excess of expenses incurred result in net assets with donor restrictions in the accompanying consolidated statements of financial position. Unconditional contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), purpose restricted net assets are reclassified to without donor restrictions net assets and reported in the consolidated statements of activities as net assets released from restrictions. Restricted conditional gifts that become unconditional and where restrictions expire in the same reporting period are reported as increases in net assets without donor restrictions.

Anera receives funding under grants and contracts from the U.S. government and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions which must be met through incurring qualifying expenses for particular programs. Such grants are considered conditional contributions due to these imposed barriers and right of return or release and are recorded as revenue without donor restrictions to the extent that related conditions are met.

Nonfinancial contributions and grants expenses: Anera receives medical and other supplies from both for-profit and nonprofit organizations and ships these supplies 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.

Nonfinancial contributions revenue is recognized as revenue in circumstances where 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 nonfinancial contributions revenue is limited to circumstances in which Anera takes constructive possession of the non-financial assets, and Anera is the recipient of the contribution, rather than an agent or intermediary (as defined by the Codification).

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Anera obtains U.S. Food and Drug Administration (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 U.S. region as its principal market for determining the fair value of the donated prescription drugs. Contributions of U.S. FDA-approved pharmaceuticals are recorded at the Average Wholesale Price as published by Thomson Reuters in the *Red Book*. The *Red Book* is an industry recognized drug pricing reference guide for pharmaceuticals in the U.S. Contributions of medical equipment and supplies are recorded at estimated fair value based upon appropriate wholesale price guides or other online pricing sources as applicable. Non-pharmaceutical contributions of non-financial assets received by Anera have been valued at their estimated fair value as provided by the donor or, in the absence of the donors' valuation, using like-kind methodology that references U.S. wholesale pricing data for similar products. Two donors, International Health Partners and Americares, also use the *Monthly Index of Medical Specialties*, a British publication, as the basis for valuation. It is similar to the *Red Book* mentioned above. Anera receives donations of computers and software licenses for participants in educational programs where equipment and software are valued by the donor based on a fair market value. Anera receives donations of clothing and shoes, for which some donors do not provide a value; Anera conservatively estimates the price to value these clothing and shoes based on the value per various retail stores in the beneficiary locale.

The expense for grants of non-financial assets is recorded when the non-financial contributions are distributed for program use. While it is Anera's policy to distribute the non-financial contributions as promptly as possible, undistributed non-financial contributions are recorded as inventory.

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 (IRS). During the years ended May 31, 2025 and 2024, Anera had no unrelated business income tax.

During the fiscal year 2020, the IRS repealed the related tax on transportation benefits. Anera has recognized a reimbursement of the expense and recorded a receivable for $9,907 as of May 31, 2020. No additional provision for income taxes was required in the accompanying financial statements. At May 31, 2024, the receivable was written off.

Anera follows the 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.

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.

Subsequent events: Anera has evaluated subsequent events through October 22, 2026, the date on which the financial statements were available to be issued.

Note 2. Liquidity

The following reflects Anera's financial assets as of the statements of financial position date, reduced by certain amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statements of financial position date. Amounts not available include amounts set aside for long-term investing in the board designated net assets, which can be drawn upon if the governing board approves that action. However, amounts already appropriated from either donor-restricted net assets or board designated reserves for general expenditure within one year of the consolidated statements of financial position date have not been subtracted as unavailable as follows as of May 31, 2025 and 2024:

	2025	2024
Financial assets, at year-end:		
Cash and cash equivalents	$ 42,774,263	$ 26,663,701
Investments	5,253,385	7,545,768
Accounts receivable	850,347	378,127
Grants and contributions receivable	3,322,752	3,045,551
Total financial assets, at year-end	52,200,747	37,633,147
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Deferred grant advances	(13,446,575)	(5,248,990)
Donor-imposed purpose restriction	(6,987,416)	(8,736,165)
Donor-restricted deferred revenue	(76,321)	(1,233,803)
Donor-imposed restrictions perpetual in nature	(103,703)	(103,703)
Cash or cash equivalents held in trust	-	(126,869)
Financial assets available to meet cash needs for general expenditures within one year	$ 31,586,732	$ 22,183,617

Anera is substantially supported by restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, Anera must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of Anera's liquidity management, it has a policy to structure its financial assets to be available when its general expenditures, liabilities and other obligations are due. In addition, Anera invests cash in excess of daily requirements in short-term financial instruments. The board designates a portion of bequests received to its board designated reserve, Board Endowment and Disaster Preparedness Funds, which for the years ended May 31, 2025 and 2024, totaled $1,760,732 and $1,044,462, respectively. Certain of these reserves have been established by the governing board to draw upon in the event of financial need resulting from planned or unforeseen events outside of normal operations or the typical life cycle of converting financial assets to cash or settling financial liabilities.

Effective October 2, 2021, Anera's board of directors voted to increase the board-designated reserve fund from $2,500,000 to $3,000,000 and fund the increase with future bequests, after those bequests are used to bring the Disaster Preparedness Fund and any unfunded severance liability to 100% of their required balances.

Note 3. Cash, Cash Equivalents and Investments

A summary of cash and cash equivalents, with a categorization of investments follows. Cash and cash equivalents represent cash on hand or held in bank deposit accounts and mutual funds with a liquidity of 90 days or less. Short-term investments have an original maturity of over 90 days but less than or equal to one year. Long-term investments have an original maturity of greater than one year.

Cash, cash equivalents and investments as of May 31, 2025 and 2024:

	2025	2024
Cash and cash equivalents:		
Bank deposits	$ 42,703,970	$ 26,601,368
Mutual funds	70,293	62,333
Total cash and cash equivalents	42,774,263	26,663,701
Short-term investments:		
U.S. Treasury and agency securities	-	116,961
Corporate securities	-	25,701
Municipal securities	-	39,654
Total short-term investments	-	182,316
Long-term investments:		
U.S. Treasury and agency securities	-	1,111,938
Corporate securities	-	622,609
Municipal securities	-	199,408
Preferred stocks and securities	-	243,875
Equity securities	4,634,561	4,544,631
Alternative real estate investments	618,824	640,991
Total long-term investments	5,253,385	7,363,452
Total investments	5,253,385	7,545,768
Total cash, cash equivalents and investments	$ 48,027,648	$ 34,209,469

Net investment gain for the years ended May 31, 2025 and 2024, is as follows:

	2025	2024
Interest and dividends	$ 918,931	$ 239,369
Realized and unrealized gains, net	571,886	532,891
Investment fees charged	(56,734)	(51,708)
Total investment gain	$ 1,434,083	$ 720,552

Note 4. Grants and Contributions Receivable

Grants and contributions receivable at May 31, 2025 and 2024, are due within one year and are all from international organizations.

At May 31, 2025 and 2024, there was no allowance for doubtful accounts.

Note 5. Property and Equipment

Property and equipment at May 31, 2025 and 2024, consist of the following:

	2025	2024
Vehicles	$ 221,955	$ 170,425
Furniture and office equipment	228,216	214,836
Computer equipment and design	520,400	476,850
Website design	67,900	67,900
	1,038,471	930,011
Less accumulated depreciation	(703,355)	(676,020)
Total	$ 335,116	$ 253,991

Depreciation expense was $57,086 and $75,293 for the years ended May 31, 2025 and 2024, respectively. There was property and equipment with a net book value of $164,966 and $92,983 held in foreign field offices at May 31, 2025 and 2024, respectively.

Note 6. Accrued Benefits

Accrued benefits at May 31, 2025 and 2024, consist of the following:

	2025	2024
Accrued severance*	$ 1,660,160	$ 1,340,519
Accrued vacation	387,332	363,767
Other benefits	166,273	183,398
Total	$ 2,213,765	$ 1,887,684

* The law operative in Jerusalem, West Bank, Gaza and Lebanon dictates that, upon retirement, an employee shall receive a defined end-of-service indemnity benefit. The benefit is calculated based on one month of the employee's salary rate as of the end-of-service and multiplied by the number of years of service. At May 31, 2025 and 2024, accrued severance was fully funded.

Note 7. Conditional Grants

Conditional grants are recognized as earned in the year in which Anera incurred qualified expenses, which also meet the conditions. Conditional grant funds received in excess of costs incurred are recorded as refundable advances until earned. Grant costs incurred in excess of funds received are recorded as grants receivable.

As of May 31, 2025 and 2024, the following are conditional grants by funder:

Funder	2025	2024
Governmental agencies	$ -	$ 10,477,524
International organizations	8,412,571	7,389,112
Foundations and individuals	3,248,774	878,324
Total	$ 11,661,345	$ 18,744,960

Note 8. ROU Lease Arrangements

Anera leases certain office space, warehouses, housing, equipment and vehicles in Washington, D.C., and certain locations overseas, with remaining lease terms of one year to six years. All leases are operating leases except two equipment leases, which are finance leases.

Some leases include one or more options to renew, with renewal terms that can extend the lease term from one year to 10 years. Only lease options that Anera believes are reasonably certain to exercise the renewal option rests with the lessor or the renewal automatically renews per local law are included in the measurement of the lease assets and liabilities. Some leases contain various termination clauses. These termination options are not expected to be exercised. The leases do not include variable payments, options to purchase or residual value guarantees. The leases contain general restrictions regarding subleasing and maintenance and care of property. Anera has not committed to any leases which have not commenced.

Required disclosures for lease costs and cash flows as of May 31, 2025 and 2024, are summarized as follows:

	2025	2024
Operating:		
Operating lease cost, included in operating expenses	$ 326,057	$ 455,516
Short-term lease cost, included in operating expenses	21,314	45,704
Net lease cost	$ 347,371	$ 501,220
Cash flow information:		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows—payments on operating leases	$ 332,381	$ 190,582
Lease term (in years) and discount rate:		
Weighted-average remaining lease term—operating leases	5.5	6.0
Weighted-average discount rate—operating leases	5.56%	5.89%

	2025	2024
Assets:		
Operating leases right-of-use assets	$ 1,159,824	$ 1,825,057
Financing leases right-of-use assets	281,696	32,578
	$ 1,441,520	$ 1,857,635
Liabilities:		
Operating leases, net	$ 1,336,227	$ 1,964,652
Financing leases, net	319,538	27,453
	$ 1,655,765	$ 1,992,105

Note 8. ROU Lease Arrangements (Continued)

Operating and finance lease ROU assets and lease liabilities as of May 31, 2025 and 2024, consisted of the following:

	2025	2024
Assets:		
Operating leases right-of-use assets	$ 1,159,824	$ 1,825,057
Financing leases right-of-use assets	281,696	32,578
	$ 1,441,520	$ 1,857,635
Liabilities:		
Operating leases, net	$ 1,336,227	$ 1,964,652
Financing leases, net	319,538	27,453
	$ 1,655,765	$ 1,992,105

The lease liability and its maturity analysis are summarized as follows:

	Finance Leases	Operating Leases	Total
Years ending May 31:			
2026	$ 93,803	$ 290,562	$ 384,365
2027	126,103	258,006	384,109
2028	96,903	264,463	361,366
2029	45,000	271,029	316,029
2030	-	277,866	277,866
Thereafter	-	189,838	189,838
Total minimum payments required	361,809	1,551,764	1,913,573
Less amounts representing interest	(42,271)	(215,537)	(257,808)
Present value of lease liabilities	$ 319,538	$ 1,336,227	$ 1,655,765

Note 9. Nonfinancial Contributions

Anera receives various forms of non-financial contributions of pharmaceuticals and medical supplies. The contributed items are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. The non-financial contributed items are valued based upon estimates of fair market values that would be received for selling the goods in the principal market considering their condition and utility for use at the time the goods are contributed by the donor. For the years ended May 31, 2025 and 2024, Anera recognized non-financial contributions of $121,117,789 and $133,935,627, respectively, and expenses of grants of non-financial assets of $132,314,832 and $130,351,496, respectively. These expenses are included primarily in the medical donations and health services expense line on the consolidated statements of activities. Non-financial contributions are recognized when the goods are received in Anera's warehouse. The expenses for grants of non-financial assets are recognized when the goods are distributed. The inventory balance at May 31, 2025 and 2024, was $1,049,066 and $12,245,712, respectively. All inventory is located in foreign field offices.

As of May 31, 2025 and 2024, there was no 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 10. Pension Plan

Anera 401(k) plan covers substantially all of its U.S.-based employees. Anera contributions are made to this 401(k) plan up to the legal limits defined by the IRS. Pension plan expenses amounted to $344,545 and $251,193 for the years ended May 31, 2025 and 2024, respectively.

Anera has a 457(b) plan for certain members of management to defer a limited portion of their compensation on a pre-tax basis. Eligible employees may contribute to this 457(b) plan up to the legal limits defined by the IRS. The employer does not contribute to this 457(b) plan. The value of assets held and the deferred compensation liability was $208,021 and $146,357 at May 31, 2025 and 2024, respectively. The plans are reported with investments and accounts payable and accrued expenses, respectively, on the consolidated statements of financial position.

Note 11. 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 audits. Management does not anticipate any significant adjustments as a result of such audits.

From time to time, Anera may be subject to various legal proceedings, which are incidental to the ordinary course of business. In the opinion of the management of Anera, there are no material liabilities for Anera for any of these proceedings.

Anera has been working in Gaza with a staff of local professionals since 1985. War broke out on October 7, 2023, and since then 80% of the population has been displaced, infrastructure of all kinds has been destroyed, and access to basic items like food, water, electricity and shelter has been seriously compromised. Anera's Gaza staff has continued to do their work, despite being displaced. Interventions have been funded by a wide variety of institutions and tens of thousands of individuals. Senior management is closely involved with all activities and the organization plans to continue operations through the immediate crisis, until hostilities cease and rebuilding can begin.

Note 12. Net Assets With Donor Restrictions

Net assets with donor restrictions as of May 31, 2025 and 2024, and related activity for the years then ended, are as follows:

	2025				
	Balance May 31, 2024	Apportionments	Additions	Released From Restrictions	Balance May 31, 2025
Purpose restricted:					
Specific community or location	$ 24,062	$ 5,020	$ 4,082	$ -	$ 33,164
Community and economic development	1,414,821	520,737	3,022,622	(1,190,804)	3,767,376
Education and livelihoods	673,517	(1,636)	262,677	(237,251)	697,307
Emergency	-	1,345,220	1,375,591	(1,178,955)	1,541,856
Medical donations and health services	6,623,765	(1,869,341)	10,043,510	(13,850,221)	947,713
	8,736,165	-	14,708,482	(16,457,231)	6,987,416
Perpetual in nature:					
Specific community or location	103,703	-	-	-	103,703
	103,703	-	-	-	103,703
Total	$ 8,839,868	$ -	$ 14,708,482	$ (16,457,231)	$ 7,091,119

Note 12. Net Assets With Donor Restrictions (Continued)

	2024				
	Balance May 31, 2023	Apportionments	Additions	Released From Restrictions	Balance May 31, 2024
Purpose restricted:					
Specific community or location	$ 24,062	$ -	$ -	$ -	$ 24,062
Community and economic development	993,211	(1,171,950)	2,009,484	(415,924)	1,414,821
Education and livelihoods	963,780	-	665,767	(956,030)	673,517
Medical donations and health services	540,846	1,171,950	21,565,855	(16,654,886)	6,623,765
	2,521,899	-	24,241,106	(18,026,840)	8,736,165
Perpetual in nature:					
Specific community or location	103,703	-	-	-	103,703
	103,703	-	-	-	103,703
Total	$ 2,625,602	$ -	$ 24,241,106	$ (18,026,840)	$ 8,839,868

Apportionments represent transfers of funding to support projects within the restriction categories or for programs operating in specific locations as permitted by the donors.

Note 13. Fair Value Measurements

Anera uses fair value measurement to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the Fair Value Measurement Topic of the FASB ASC, fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The type of investments included in Level 1 includes listed equities and listed derivatives. As required, Anera does not adjust the quoted price for these investments, even in situations where Anera holds a large position and a sale could reasonably impact the quoted price.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include certain corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies.

Note 13. Fair Value Measurements (Continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Anera's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. Investments in equities and mutual funds disclosed in Note 3 are classified as Level 1 assets as of May 31, 2025 and 2024. Investments in U.S. Treasury and agency securities, corporate securities, and municipal securities disclosed in Note 3 are classified as Level 2 assets as of May 31, 2025 and 2024. Cash held in the investment portfolio is recorded at cost.

The fair values of Anera's money market funds are reported as cash and cash equivalents and mutual funds are determined based on quoted prices in active markets; thus, they are categorized as a Level 1 input.

Alternative investments are less liquid than Anera's other investments. The fair value of Anera's alternative investments is estimated using net asset value (NAV) per share (or its equivalent) as of May 31, 2025 and 2024. Anera invests in two non-exchange traded, perpetual life real estate investment trusts (REITs) and two perpetually non-traded business development companies (BDC).

The fair value of the alternative real estate investments was $320,381 and $338,734 as of May 31, 2025 and 2024, respectively, with no unfunded commitments. The redemption frequency and notice period of these investments is monthly and three days, respectively.

The REITs' investment strategy targets at least 80% of real estate property investments and up to 20% in real estate security or debt investments and cash and/or cash equivalents. Repurchases will be made at the transaction price, generally NAV per share, in effect on the repurchase date, except that shares that have not been outstanding for at least one year will be repurchased at 95% to 98% of the transaction price. Total repurchases are limited to 2% of aggregate NAV per month and 5% of aggregate NAV per calendar quarter, as defined. The REITs are not obligated to repurchase the shares.

The fair value of the alternative BDC investments was $298,443 and $302,257 as of May 31, 2025 and 2024, respectively, with no unfunded commitments. The redemption frequency of these investments is quarterly with up to 60 days' notice.

The BDCs' investment strategy targets U.S. based secured and/or unsecured loans and making debt and equity investments in U.S. middle market and other companies. For one investment, quarterly repurchases will be made at NAV as of each quarter end, except that shares that have not been outstanding for at least one year will be repurchased at 98% of NAV. Quarterly repurchases are limited to 5% of aggregate shares outstanding (either by number of shares or aggregate NAV) as of the close of the previous calendar quarter, as defined. For the second investment, quarterly repurchases are limited to 5% of NAV, as defined.

The deferred compensation liability is not traded in an open market and, thus, does not qualify for Level 1 classification; however, the fair value is derived from the fair value of the underlying assets in the deferred compensation plan and based on this comparable information is classified as a Level 2 item.