MIDDLE EAST CHILDREN’S ALLIANCE
(A NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS’ REPORT

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
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**MIDDLE EAST CHILDREN’S ALLIANCE**  
(A NOT-FOR-PROFIT CORPORATION)  

**JUNE 30, 2022**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Middle East Children’s Alliance
(A Not-For-Profit Corporation)
Berkeley, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MIDDLE EAST CHILDREN’S ALLIANCE which comprise the statements of financial position as of June 30, 2022 and 2021 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Middle East Children’s Alliance as of June 30, 2022 and 2021, and the changes in its net assets, functional expenses and cash flows for the years then ended in conformity 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 Middle East Children’s Alliance 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.

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 of material misstatement, whether due to error or fraud.

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 Middle East Children’s Alliance’s ability to continue as a going concern for one year after the date that the financial statements are issued.
INDEPENDENT AUDITORS’ REPORT
(Continued)

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 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 Middle East Children’s Alliance’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 Middle East Children’s Alliance’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.

Côté & Company, APC
El Cerrito, California
June 23, 2023
<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,877,212</td>
<td>$3,240,702</td>
</tr>
<tr>
<td>Investments, at fair value</td>
<td>750,639</td>
<td>406,080</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>143,513</td>
<td>124,166</td>
</tr>
<tr>
<td>Inventory</td>
<td>419,613</td>
<td>254,191</td>
</tr>
<tr>
<td>Employee advances</td>
<td>500</td>
<td>6,953</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>52,945</td>
<td>3,548</td>
</tr>
<tr>
<td>Prepaid federal and state income taxes</td>
<td>1,205</td>
<td>-</td>
</tr>
<tr>
<td>Total current assets</td>
<td>3,245,627</td>
<td>4,035,640</td>
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<tr>
<td>FIXED ASSETS</td>
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<td></td>
</tr>
<tr>
<td>Computers and software</td>
<td>58,872</td>
<td>58,872</td>
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<tr>
<td>Furniture and fixtures</td>
<td>19,540</td>
<td>19,540</td>
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<tr>
<td>Auto</td>
<td>34,397</td>
<td>34,397</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>67,525</td>
<td>67,525</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>289,827</td>
<td>289,827</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(410,989)</td>
<td>(385,753)</td>
</tr>
<tr>
<td>Total fixed assets</td>
<td>59,172</td>
<td>84,408</td>
</tr>
<tr>
<td>OTHER ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>27,340</td>
<td>27,340</td>
</tr>
<tr>
<td>Investments, at fair value</td>
<td>3,870,598</td>
<td>3,260,406</td>
</tr>
<tr>
<td>Total other assets</td>
<td>3,897,938</td>
<td>3,287,746</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$7,202,737</td>
<td>$7,407,794</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
MIDDLE EAST CHILDREN’S ALLIANCE  
(A NOT-FOR-PROFIT CORPORATION)  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
June 30, 2022 and 2021

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$ 412,620</td>
<td>$ 700,752</td>
</tr>
<tr>
<td>Credit cards payable</td>
<td>54,034</td>
<td>29,638</td>
</tr>
<tr>
<td>Accrued payroll and payroll related</td>
<td>353,919</td>
<td>156,369</td>
</tr>
<tr>
<td>Sales taxes payable</td>
<td>23,331</td>
<td>24,228</td>
</tr>
<tr>
<td>Federal and state income taxes payable</td>
<td>1,247</td>
<td>7,519</td>
</tr>
<tr>
<td>Grants payable</td>
<td>192,215</td>
<td>81,594</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>123,722</td>
<td>241,695</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>1,161,088</td>
<td>1,241,795</td>
</tr>
</tbody>
</table>

| LONG-TERM LIABILITIES     |        |        |
| PPP loan payable          | -      | 444,952 |
| Total long-term liabilities | -      | 444,952 |
| Total liabilities         | 1,161,088 | 1,686,747 |

| NET ASSETS                |        |        |
| Without donor restrictions | 3,104,828 | 3,161,602 |
| With donor restrictions   | 2,711,649 | 2,639,398 |
| Retained earnings (deficit) | 225,172  | (79,953) |
| Total net assets          | 6,041,649 | 5,721,047 |

<table>
<thead>
<tr>
<th>TOTAL LIABILITIES AND NET ASSETS</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 7,202,737</td>
<td>$ 7,407,794</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
MIDDLE EAST CHILDREN’S ALLIANCE  
(A NOT-FOR-PROFIT CORPORATION)  
CONSOLIDATED STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2022

<table>
<thead>
<tr>
<th>OPERATING ACTIVITIES</th>
<th>Without Donor Unrestricted</th>
<th>With Donor Restrictions</th>
<th>Alliance Graphics</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$1,908,579</td>
<td>1,039,361</td>
<td>$ -</td>
<td>$2,947,940</td>
</tr>
<tr>
<td>Grants</td>
<td>117,079</td>
<td>450,800</td>
<td>-</td>
<td>567,879</td>
</tr>
<tr>
<td>Total contributions and grants</td>
<td>2,025,658</td>
<td>1,490,161</td>
<td>-</td>
<td>3,515,819</td>
</tr>
<tr>
<td>Sales, net of cost of goods sold of $2,156,303</td>
<td>-</td>
<td>-</td>
<td>1,980,314</td>
<td>1,980,314</td>
</tr>
<tr>
<td>Sales, net of cost of goods sold of $166,752</td>
<td>58,848</td>
<td>-</td>
<td>-</td>
<td>58,848</td>
</tr>
<tr>
<td>Special events, net of expenses of $29,164</td>
<td>44,299</td>
<td>-</td>
<td>-</td>
<td>44,299</td>
</tr>
<tr>
<td>Government program loan forgiveness</td>
<td>110,490</td>
<td>-</td>
<td>357,895</td>
<td>468,385</td>
</tr>
<tr>
<td>Other income</td>
<td>41,586</td>
<td>-</td>
<td>32,555</td>
<td>74,141</td>
</tr>
<tr>
<td>Total revenues and other support</td>
<td>255,223</td>
<td>-</td>
<td>2,370,764</td>
<td>2,625,987</td>
</tr>
<tr>
<td>Support provided by expiring time and purpose restrictions</td>
<td>2,280,881</td>
<td>1,490,161</td>
<td>2,370,764</td>
<td>6,141,806</td>
</tr>
<tr>
<td>Total revenues, gains and other support</td>
<td>3,698,791</td>
<td>72,251</td>
<td>2,370,764</td>
<td>6,141,806</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
</tr>
<tr>
<td>Humanitarian aid</td>
</tr>
<tr>
<td>GR Pro for kids</td>
</tr>
<tr>
<td>Education and culture</td>
</tr>
<tr>
<td>University</td>
</tr>
<tr>
<td>Total programs</td>
</tr>
<tr>
<td>Management and general</td>
</tr>
<tr>
<td>Fund raising</td>
</tr>
<tr>
<td>Allied Graphics</td>
</tr>
<tr>
<td>Total expenses</td>
</tr>
<tr>
<td>Changes in net assets from operating activities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NONOPERATING ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realized and unrealized losses, net of investment expenses of $7,935</td>
</tr>
<tr>
<td>Interest and dividends</td>
</tr>
<tr>
<td>Total nonoperating losses</td>
</tr>
<tr>
<td>Changes in net assets before income taxes</td>
</tr>
<tr>
<td>Federal and state income tax expense</td>
</tr>
<tr>
<td>Changes in net assets</td>
</tr>
</tbody>
</table>

| NET ASSETS, beginning of year | 3,161,602 | 2,639,398 | (79,953) | 5,721,047 |
| NET ASSETS, end of year | $3,101,131 | $2,711,649 | $228,869 | $6,041,649 |

The accompanying notes are an integral part of these financial statements.
MIDDLE EAST CHILDREN’S ALLIANCE
(A NOT-FOR-PROFILE CORPORATION)
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

<table>
<thead>
<tr>
<th>OPERATING ACTIVITIES</th>
<th>Without Donor Unrestricted</th>
<th>With Donor Restrictions</th>
<th>Alliance Graphics</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$ 162,035</td>
<td>$ 5,466,300</td>
<td>-</td>
<td>$ 5,628,335</td>
</tr>
<tr>
<td>Grants</td>
<td>1,003,995</td>
<td>-</td>
<td>1,003,995</td>
<td></td>
</tr>
<tr>
<td>Total contributions and grants</td>
<td>1,166,030</td>
<td>5,466,300</td>
<td>-</td>
<td>6,632,330</td>
</tr>
<tr>
<td>Sales, net of cost of goods sold of $1,621,754</td>
<td>-</td>
<td>1,597,126</td>
<td>1,597,126</td>
<td></td>
</tr>
<tr>
<td>Sales, net of cost of goods sold of $133,635</td>
<td>86,049</td>
<td>-</td>
<td>86,049</td>
<td></td>
</tr>
<tr>
<td>Special events, net of expenses of $5,130</td>
<td>33,892</td>
<td>-</td>
<td>33,892</td>
<td></td>
</tr>
<tr>
<td>Fiscal sponsorship fees</td>
<td>34,879</td>
<td>-</td>
<td>34,879</td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>17,387</td>
<td>-</td>
<td>66,133</td>
<td>83,520</td>
</tr>
<tr>
<td>Total revenues and other support</td>
<td>172,207</td>
<td>-</td>
<td>1,663,259</td>
<td>1,835,466</td>
</tr>
<tr>
<td>Support provided by expiring time and purpose restrictions</td>
<td>1,338,237</td>
<td>5,466,300</td>
<td>1,663,259</td>
<td>8,467,796</td>
</tr>
<tr>
<td>Total revenues, gains and other support</td>
<td>4,996,852</td>
<td>1,807,685</td>
<td>1,663,259</td>
<td>8,467,796</td>
</tr>
</tbody>
</table>

EXPENSES

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Without Donor Unrestricted</th>
<th>With Donor Restrictions</th>
<th>Alliance Graphics</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Humanitarian aid</td>
<td>1,760,628</td>
<td>-</td>
<td>-</td>
<td>1,760,628</td>
</tr>
<tr>
<td>GR Pro for kids</td>
<td>658,378</td>
<td>-</td>
<td>-</td>
<td>658,378</td>
</tr>
<tr>
<td>Education and culture</td>
<td>511,826</td>
<td>-</td>
<td>-</td>
<td>511,826</td>
</tr>
<tr>
<td>University</td>
<td>190,700</td>
<td>-</td>
<td>-</td>
<td>190,700</td>
</tr>
<tr>
<td>Total programs</td>
<td>3,121,532</td>
<td>-</td>
<td>-</td>
<td>3,121,532</td>
</tr>
<tr>
<td>Management and general</td>
<td>256,906</td>
<td>-</td>
<td>-</td>
<td>256,906</td>
</tr>
<tr>
<td>Fund raising</td>
<td>585,902</td>
<td>-</td>
<td>-</td>
<td>585,902</td>
</tr>
<tr>
<td>Allied Graphics</td>
<td>-</td>
<td>-</td>
<td>1,590,741</td>
<td>1,590,741</td>
</tr>
<tr>
<td>Total expenses</td>
<td>3,964,340</td>
<td>-</td>
<td>1,590,741</td>
<td>5,555,081</td>
</tr>
<tr>
<td>Changes in net assets from operating activities</td>
<td>1,032,512</td>
<td>1,807,685</td>
<td>72,518</td>
<td>2,912,715</td>
</tr>
</tbody>
</table>

NONOPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Realized and unrealized gains, net of investment expenses of $7,601</th>
<th>Without Donor Unrestricted</th>
<th>With Donor Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends</td>
<td>112,300</td>
<td>-</td>
</tr>
<tr>
<td>Total nonoperating income</td>
<td>132,790</td>
<td>-</td>
</tr>
<tr>
<td>Changes in net assets before income taxes</td>
<td>1,165,302</td>
<td>1,807,685</td>
</tr>
<tr>
<td>Federal and state income tax expense</td>
<td>-</td>
<td>(8,319)</td>
</tr>
<tr>
<td>Changes in net assets</td>
<td>1,165,302</td>
<td>1,807,685</td>
</tr>
</tbody>
</table>

NET ASSETS, beginning of year                                      | 1,996,300                 | 831,713                 |
| (144,495)                                                           | 2,683,518                 |

NET ASSETS, end of year                                            | $ 3,161,602               | $ 2,639,398             |
| ($ 79,953)                                                          | $ 5,721,047               |

The accompanying notes are an integral part of these financial statements.
# MIDDLE EAST CHILDREN'S ALLIANCE
(A NOT-FOR-PROFIT CORPORATION)

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

<table>
<thead>
<tr>
<th></th>
<th>Humanitarian Aid</th>
<th>GR Pro For Kids</th>
<th>Education &amp; Culture Aid</th>
<th>University Aid</th>
<th>Total Programs $</th>
<th>General &amp; Admin. $</th>
<th>Fundraising $</th>
<th>Allied Graphics $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$145,273</td>
<td>$64,565</td>
<td>$80,707</td>
<td>$32,283</td>
<td>$322,828</td>
<td>$141,238</td>
<td>$208,493</td>
<td>$1,196,346</td>
<td>$1,868,905</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>10,874</td>
<td>4,833</td>
<td>6,041</td>
<td>2,417</td>
<td>24,165</td>
<td>10,572</td>
<td>15,607</td>
<td>77,135</td>
<td>127,479</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>15,525</td>
<td>6,900</td>
<td>8,625</td>
<td>3,450</td>
<td>34,500</td>
<td>15,094</td>
<td>22,282</td>
<td>317,292</td>
<td>389,168</td>
</tr>
<tr>
<td>Total payroll and payroll related</td>
<td>171,672</td>
<td>76,298</td>
<td>95,373</td>
<td>38,150</td>
<td>381,493</td>
<td>166,904</td>
<td>246,382</td>
<td>1,590,773</td>
<td>2,385,552</td>
</tr>
<tr>
<td>Professional services</td>
<td>-</td>
<td>-</td>
<td>12,573</td>
<td>-</td>
<td>12,573</td>
<td>88,029</td>
<td>74,992</td>
<td>17,380</td>
<td>192,974</td>
</tr>
<tr>
<td>Grants and donations</td>
<td>1,107,483</td>
<td>935,551</td>
<td>241,928</td>
<td>130,623</td>
<td>2,415,585</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,415,585</td>
</tr>
<tr>
<td>Travel</td>
<td>2,005</td>
<td>2,004</td>
<td>2,005</td>
<td>2,005</td>
<td>8,019</td>
<td>3,253</td>
<td>5,079</td>
<td>2,618</td>
<td>18,969</td>
</tr>
<tr>
<td>Advertising and marketing</td>
<td>348</td>
<td>347</td>
<td>348</td>
<td>348</td>
<td>1,391</td>
<td>971</td>
<td>20,085</td>
<td>-</td>
<td>22,447</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>460</td>
<td>461</td>
<td>461</td>
<td>460</td>
<td>1,842</td>
<td>910</td>
<td>882</td>
<td>6,877</td>
<td>10,511</td>
</tr>
<tr>
<td>Bank fees and charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,004</td>
<td>65,982</td>
<td>51,877</td>
<td>121,863</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,267</td>
<td>-</td>
<td>13,231</td>
<td>18,498</td>
</tr>
<tr>
<td>Meetings and conferences</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,107</td>
<td>1,195</td>
<td>-</td>
<td>2,302</td>
</tr>
<tr>
<td>Occupancy</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>24,724</td>
<td>-</td>
<td>186,515</td>
<td>211,239</td>
</tr>
<tr>
<td>Equipment leases and maintenance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25,092</td>
<td>25,092</td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>2,582</td>
<td>2,583</td>
<td>5,811</td>
<td>1,937</td>
<td>12,913</td>
<td>-</td>
<td>12,912</td>
<td>579</td>
<td>26,404</td>
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<tr>
<td>Printing and publications</td>
<td>3,365</td>
<td>3,365</td>
<td>7,520</td>
<td>2,534</td>
<td>16,784</td>
<td>-</td>
<td>16,621</td>
<td>-</td>
<td>33,405</td>
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<tr>
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<td>91</td>
<td>92</td>
<td>182</td>
<td>-</td>
<td>365</td>
<td>5,738</td>
<td>-</td>
<td>7,384</td>
<td>13,487</td>
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<tr>
<td>Supplies</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>12,896</td>
<td>-</td>
<td>13,067</td>
<td>25,963</td>
</tr>
<tr>
<td>Website and internet</td>
<td>2,256</td>
<td>2,256</td>
<td>4,640</td>
<td>2,127</td>
<td>11,279</td>
<td>3,696</td>
<td>2,573</td>
<td>-</td>
<td>17,548</td>
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<td>Sales and marketing</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>58,749</td>
<td>58,749</td>
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<tr>
<td>Office</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>788</td>
<td>-</td>
<td>35,022</td>
<td>35,810</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>45</td>
<td>-</td>
<td>14,488</td>
<td>14,533</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25,236</td>
<td>25,236</td>
</tr>
</tbody>
</table>

| Total                | $1,290,262       | $1,022,957      | $370,841                 | $178,184      | $2,862,244       | $318,332         | $446,703     | $2,048,888        | $5,676,167 |

The accompanying notes are an integral part of these financial statements.
### MIDDLE EAST CHILDREN'S ALLIANCE  
(A NOT-FOR-PROFIT CORPORATION)  
### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2021

<table>
<thead>
<tr>
<th></th>
<th>Humanitarian Aid</th>
<th>GR Pro For Kids</th>
<th>Education &amp; Culture Aid</th>
<th>University Aid</th>
<th>Total Programs</th>
<th>General &amp; Admin.</th>
<th>Fundraising</th>
<th>Allied Graphics</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$ 141,522</td>
<td>$ 62,899</td>
<td>$ 78,624</td>
<td>$ 31,449</td>
<td>$ 314,494</td>
<td>$ 133,055</td>
<td>$ 157,247</td>
<td>$ 821,696</td>
<td>$ 1,426,492</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>10,716</td>
<td>4,763</td>
<td>5,953</td>
<td>2,381</td>
<td>23,813</td>
<td>10,075</td>
<td>11,906</td>
<td>67,384</td>
<td>113,178</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>16,042</td>
<td>7,130</td>
<td>8,912</td>
<td>3,565</td>
<td>35,649</td>
<td>15,082</td>
<td>17,824</td>
<td>294,983</td>
<td>363,538</td>
</tr>
<tr>
<td>Total payroll and payroll related</td>
<td>168,280</td>
<td>74,792</td>
<td>93,489</td>
<td>37,395</td>
<td>373,956</td>
<td>158,212</td>
<td>186,977</td>
<td>1,184,063</td>
<td>1,903,208</td>
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<tr>
<td>Professional services</td>
<td>45,912</td>
<td>45,912</td>
<td>61,358</td>
<td>212</td>
<td>153,394</td>
<td>40,774</td>
<td>49,680</td>
<td>25,762</td>
<td>269,610</td>
</tr>
<tr>
<td>Grants and donations</td>
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<td>530,925</td>
<td>343,292</td>
<td>147,911</td>
<td>2,561,814</td>
<td></td>
<td></td>
<td>2,561,814</td>
<td></td>
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<td>Travel</td>
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<td>248</td>
<td>249</td>
<td>249</td>
<td>994</td>
<td>106</td>
<td>1,670</td>
<td></td>
<td>2,770</td>
</tr>
<tr>
<td>Advertising and marketing</td>
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<td>29</td>
<td>30</td>
<td>30</td>
<td>118</td>
<td>205</td>
<td>233,835</td>
<td>66,375</td>
<td>300,533</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
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<td>556</td>
<td>555</td>
<td>555</td>
<td>2,221</td>
<td>683</td>
<td>975</td>
<td>4,204</td>
<td>8,083</td>
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<td>Bank fees and charges</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>4,309</td>
<td>85,205</td>
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<td>141,742</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,239</td>
<td>-</td>
<td>13,349</td>
<td>18,588</td>
</tr>
<tr>
<td>Meetings and conferences</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,558</td>
<td>452</td>
<td>2,010</td>
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</tr>
<tr>
<td>Occupancy</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27,177</td>
<td>-</td>
<td>170,639</td>
<td>197,816</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12,830</td>
<td>12,830</td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>2,407</td>
<td>2,406</td>
<td>5,415</td>
<td>1,805</td>
<td>12,033</td>
<td>54</td>
<td>12,033</td>
<td></td>
<td>24,120</td>
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<tr>
<td>Printing and publications</td>
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<td>2,910</td>
<td>6,547</td>
<td>2,181</td>
<td>14,548</td>
<td>239</td>
<td>14,548</td>
<td></td>
<td>29,335</td>
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<tr>
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<td>225</td>
<td>223</td>
<td>447</td>
<td>-</td>
<td>895</td>
<td>6,171</td>
<td>-</td>
<td>10,049</td>
<td>17,115</td>
</tr>
<tr>
<td>Supplies</td>
<td>320</td>
<td>320</td>
<td>320</td>
<td>320</td>
<td>1,280</td>
<td>10,708</td>
<td>266</td>
<td>8,826</td>
<td>21,080</td>
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<tr>
<td>Website and internet</td>
<td>52</td>
<td>52</td>
<td>117</td>
<td>40</td>
<td>261</td>
<td>521</td>
<td>261</td>
<td>1,043</td>
<td></td>
</tr>
<tr>
<td>Computer operations</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22,133</td>
<td>22,133</td>
</tr>
<tr>
<td>Ininterest and finance charges</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,382</td>
<td>1,382</td>
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<td>-</td>
<td>-</td>
<td>776</td>
<td>-</td>
<td></td>
<td>776</td>
</tr>
<tr>
<td>Miscellaneous</td>
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<td>5</td>
<td>7</td>
<td>2</td>
<td>18</td>
<td>174</td>
<td>-</td>
<td>11,324</td>
<td>11,516</td>
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<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,577</td>
<td>7,577</td>
</tr>
</tbody>
</table>

| **Total**               | **$ 1,760,628**  | **$ 658,378**    | **$ 511,826**           | **$ 190,700**  | **$ 3,121,532** | **$ 256,906**    | **$ 585,902** | **$ 1,590,741** | **$ 5,555,081** |

The accompanying notes are an integral part of these financial statements.
**MIDDLE EAST CHILDREN’S ALLIANCE**  
*(A NOT-FOR-PROFIT CORPORATION)*  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2022 and 2021

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in net assets</td>
<td>$320,602</td>
<td>$3,037,529</td>
</tr>
<tr>
<td>Adjustments to reconcile the increase in net assets to net cash provided by operation activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>25,236</td>
<td>7,577</td>
</tr>
<tr>
<td>Donated stock</td>
<td>(52,361)</td>
<td>(112,930)</td>
</tr>
<tr>
<td>Net realized and unrealized losses (gains) on investment</td>
<td>155,668</td>
<td>(119,901)</td>
</tr>
<tr>
<td>(Increase) decrease in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(19,347)</td>
<td>21,324</td>
</tr>
<tr>
<td>Inventory</td>
<td>(165,422)</td>
<td>(162,962)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(50,602)</td>
<td>15,137</td>
</tr>
<tr>
<td>Increase (decrease) in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(90,582)</td>
<td>427,717</td>
</tr>
<tr>
<td>Credit cards payable</td>
<td>24,396</td>
<td>5,888</td>
</tr>
<tr>
<td>Sales taxes payable</td>
<td>(897)</td>
<td>(31,129)</td>
</tr>
<tr>
<td>Federal and state income taxes payable</td>
<td>(6,272)</td>
<td>(2,750)</td>
</tr>
<tr>
<td>Grants payable</td>
<td>110,621</td>
<td>81,594</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>(117,973)</td>
<td>226,239</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>133,067</td>
<td>3,393,333</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOW FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net increase in employee advances</td>
<td>6,453</td>
<td>4,108</td>
</tr>
<tr>
<td>Purchases of fixed assets</td>
<td>-</td>
<td>(4,741)</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(1,058,058)</td>
<td>(3,539,818)</td>
</tr>
<tr>
<td>Sales of investments</td>
<td>-</td>
<td>2,544,247</td>
</tr>
<tr>
<td><strong>Net cash used by investing activities</strong></td>
<td>(1,051,605)</td>
<td>(996,204)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOW FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in PPP loan</td>
<td>-</td>
<td>125,000</td>
</tr>
<tr>
<td>Payments on leases and loans</td>
<td>(444,952)</td>
<td>(4,906)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by financing activities</strong></td>
<td>(444,952)</td>
<td>120,094</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET INCREASE (DECREASE) IN CASH</strong></td>
<td>(1,363,490)</td>
<td>2,517,223</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year</td>
<td>3,240,702</td>
<td>723,479</td>
</tr>
<tr>
<td>End of year</td>
<td>$1,877,212</td>
<td>$3,240,702</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
NOTE A – DESCRIPTION OF THE ORGANIZATION

The Middle East Children’s Alliance (“MECA”) was founded in 1988 to fight injustice, poverty, and violence of the Israeli occupation of Palestine. MECA provides direct support for clinics, counseling programs, children’s centers and libraries, and organizations working for the rights of prisoners, women, labor and Palestinians inside Israel.

Management and general activities include the functions necessary to provide support for the Organization’s program activities. They include activities that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Presentation

The Organization’s financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for not-for-profit entities, which require the Organization to report information regarding financial position and activities in accordance with the following net asset classifications:

Net assets without donor restrictions - Net assets without donor restrictions are resources available to support operations. The only limit on the use of these assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Net assets with donor restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulate time has passed. Other donor-imposed restrictions are perpetual in nature and the organization must continue to use the resources in accordance with the donor’s instructions. The Organization’s unspent contributions are included in this class if the donor limited their use.

When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by a passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Basis of Consolidation

The Organization owns 100% of Alliance Graphics (“AG), a for-profit corporation. AG exists to generate additional revenue for the Organization’s programs. The accompanying consolidated financial statements include the accounts of the Organization and AG. Material intercompany transactions and account balances have been eliminated in the consolidation.

Nature of Operations

The statements of activities report all changes in net assets, including changes in net assets from operations and nonoperating activities. Operating activities consist of those items attributable to the Organization’s ongoing program services and dividends and interest earned on investments. Nonoperating activities are limited to resources that generate a return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Equivalents

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions. The Organization maintains cash balances at several financial institutions. Deposit accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per account. The balances occasionally exceed those limits. Cash equivalents, other securities, and limited amounts of cash held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to $500,000 of protection for each brokerage account, with a limit of $250,000 for claims of uninvested cash balances. Additional brokerage insurance – in addition to SIPC protection – is provided through underwriters in London. The SIPC insurance does not protect against market losses on investments.
NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

Unconditional promises to give, less an allowance for uncollectible amounts, if any, are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Fixed Assets and Accumulated Depreciation

Fixed assets are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Fixed assets are capitalized if it has a cost of $2,500 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expense as incurred. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets as follows:

- Furniture and fixtures: 5 - 10 years
- Equipment: 5 - 7 years

Investments

To the extent available, the Organization’s investments are recorded at fair value based on quoted prices in active markets. The Organization’s investments that are listed on any United States or non-United States recognized exchanges are valued based on readily available market quotations. When such inputs do not exist, fair value measurements are based on the best available information and usually require a degree of judgment.

Investment transactions are recorded on the purchase or redemption date. Realized gains and losses on sales of investments are determined on the specific identification basis. Dividend and interest income is recorded on an accrual basis. Unrealized gains and losses on investments resulting from market fluctuations are recorded in the consolidated statement of activities in the period that such fluctuations occur.

In addition, the Organization reports certain investments using the Net Asset Value (NAV) per share as determined by the investment funds in which the Organization is invested under the so-called “practical expedient.” The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met.

Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically by the donor. Amounts received that are restricted by the donor to use in future periods or for specific
NOTE B – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

In-Kind Contributions

The Organization receives contributions in a form other than cash or investments. The In-Kind contributions are recorded as contributions at the date of gift and as an expense when the donated items are placed into service or distributed. If the Organization receives a contribution of furniture, fixture or equipment, the contributed asset is recognized as an asset at its estimate fair value at the date of the gift, provided that the value of the asset and its estimated useful life meets the Organization’s capitalization policy.

The Organization benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Organization’s program operations and in its fund-raising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

Functional Expenses

The cost of providing the Organization’s programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, payroll taxes, and benefits are allocated based on activity reports prepared by personnel.
- Occupancy and depreciation are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.
- Administrative expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.
NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses (Continued)

The bases on which costs are allocated are evaluated periodically.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization’s management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization’s management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Inventory

Inventory consists of purchased products (MECA), finished good and work-in-progress (AG), and is valued at lower of cost (first-in, first-out) or market.

Inventory consisted of the following at June 30, 2022 and 2021:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>MECA -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Olive oil</td>
<td>$32,673</td>
<td>$55,396</td>
</tr>
<tr>
<td>Palestinian products</td>
<td>57,103</td>
<td>62,512</td>
</tr>
<tr>
<td>U.S. products</td>
<td>16,652</td>
<td>16,101</td>
</tr>
<tr>
<td>AG -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finished goods</td>
<td>20,337</td>
<td>27,508</td>
</tr>
<tr>
<td>Work-in-progress</td>
<td>292,848</td>
<td>92,674</td>
</tr>
<tr>
<td>Total</td>
<td>$419,613</td>
<td>$254,191</td>
</tr>
</tbody>
</table>

Advertising Costs

Advertising is expensed as incurred. Advertising expense for the fiscal year ended June 30, 2022 and 2021 amounted to $34,788 and $248,146, respectively.
NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on statements of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. The effective date of this standard was deferred by ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities, is now effective for the fiscal year 2023. The Organization is in the process of evaluating the impact this standard will have on the financial statements.

In September 2020, the FASB issued ASU No. 2020-07, Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets, to increase transparency of contributed nonfinancial assets for the not-for-profit entities through enhancements to presentation and disclosure. ASU No. 2020-07 will require not-for-profit entities to separately present contributed nonfinancial assets on the statement of activities and disclose enhanced qualitative information. The ASU I effective for annual periods beginning after May 15, 2022. The Organization is in the process of evaluating the impact this standard will have on the financial statements.

Tax Status

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability or asset if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or the Franchise Tax Board. Management has analyzed the tax positions taken by the Organization, and has concluded that, as of June 30, 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or asset or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in question. Management believes it is no longer subject to federal (IRS) and state (FTB) tax examinations for years prior to 2018 and 2017, respectively.

Income Taxes - MECA

The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501 (c)(3) and from California Franchise taxes under Revenue and Taxation Code Section 23701d. The IRS has also determined that MECA is not a private foundation under the provisions of Internal Revenue Code Section 509(a).
NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Status (Continued)

Income Taxes - AG

The Company accounts for income taxes in accordance with FASB ASC 740, Income Taxes which requires the use of the "Liability Method" of accounting for income taxes. Accordingly, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. Current income taxes are based on the year's income taxable for Federal and State income tax reporting purposes. At June 30, 2022 and 2021, there are no deferred tax assets or liabilities as the amounts are deemed immaterial.

Defined Benefit Pension Plan

The employees of AG participate in a defined benefit pension plan. Contributions to the plan are expensed when paid and amounted to $95,282 and $80,372 for the fiscal years ended June 30, 2022 and 2021, respectively.

Subsequent Events

Management has evaluated subsequent events through June 23, 2023, the date the financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor restrictions limiting their use, within one year of June 30, 2022 are:

Financial assets:
- Cash and cash equivalents $1,877,212
- Accounts receivable 143,513
- Inventory 419,613
- Investments 4,621,237
- Total financial assets 7,061,575

Less financial assets held to meet donor-imposed restrictions:
- Purpose-restricted net assets (2,711,619)

Amount available for general expenditures within one year $4,349,956
NOTE C – LIQUIDITY AND AVAILABILITY (Continued)

As part of its liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments.

NOTE D – CONCENTRATIONS OF CREDIT RISK

The majority of the Organization’s contributions and grants are received from corporations, foundations, and individuals located in the San Francisco Bay Area.

The Organization’s investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Organization’s financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

NOTE E – FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, *Fair Value Measurements and Disclosures* establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC Topic 820 are described below:

**Level 1** -
Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Organization has the ability to access.

**Level 2** -
Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual term), the Level 2 input must be observable for substantially the full term of the asset or liability.
NOTE E – FAIR VALUE MEASUREMENTS (Continued)

Level 3 -
Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for asset measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Certificates of Deposit -
The fair values are determined by reference to quoted market prices and other relevant information generated by market transactions.

Equity Securities -
The fair values are determined by reference to quoted market prices and other relevant information generated by market transactions.

Mutual Funds -
Valued at the net asset value ("NAV") of shares held by the Organization at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while the Organization believes that the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan’s assets at fair value as of June 30, 2022 and 2021:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2022</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash – sweep accounts</td>
<td>$268,937</td>
<td>$ -0-</td>
<td>$ -0-</td>
<td>$ 268,937</td>
<td></td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>-0-</td>
<td>2,969,862</td>
<td>-0-</td>
<td>2,969,862</td>
<td></td>
</tr>
<tr>
<td>Equity securities</td>
<td>298,088</td>
<td>-0-</td>
<td>-0-</td>
<td>298,088</td>
<td></td>
</tr>
<tr>
<td>Real estate investment trusts</td>
<td>10,060</td>
<td>-0-</td>
<td>-0-</td>
<td>10,060</td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>1,074,290</td>
<td>-0-</td>
<td>-0-</td>
<td>1,074,290</td>
<td></td>
</tr>
<tr>
<td>Total investments</td>
<td>$1,651,375</td>
<td>$2,969,862</td>
<td>$ -0-</td>
<td>$4,621,237</td>
<td></td>
</tr>
</tbody>
</table>
NOTE E – FAIR VALUE MEASUREMENTS (Continued)

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Level 1)</td>
</tr>
<tr>
<td>Cash – sweep accounts</td>
<td>$ 10,290</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>-0-</td>
</tr>
<tr>
<td>Equity securities</td>
<td>376,469</td>
</tr>
<tr>
<td>Real estate investment trusts</td>
<td>12,095</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>1,362,354</td>
</tr>
<tr>
<td>Total investments</td>
<td>$ 1,761,208</td>
</tr>
</tbody>
</table>

NOTE F – LINE OF CREDIT

The Organization has a $250,000 unsecured line of credit with Wells Fargo Bank, at an annual interest rate of 5.25%. At June 30, 2022 and 2021, there was no balance due.

NOTE G – COMMITMENTS

In April, 2008, the Organization signed a lease through January 31, 2016 for its premises in Berkeley. The premises are to be used as a warehouse and for a processing/printing center along with related business operations. In October, 2015 the Organization signed a Second Amendment to Lease extending the lease through January 31, 2021. In addition, there is an option to extend the lease through January 31, 2024 provided the lessor is given written notice on or before July 31, 2020 of the Organization’s intent to extend the lease.

The monthly rent from February 1, 2016 to January 31, 2017 was $11,185. For the period February 1, 2017 to January 31, 2018 was $11,670. Effective February 1, 2018 and each February thereafter, the rent shall increase by 3%. Currently the rent is $13,135 per month.

The annual lease commitments at June 30, 2022 are as follows:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$ 164,378</td>
</tr>
<tr>
<td>2024</td>
<td>97,545</td>
</tr>
<tr>
<td></td>
<td>$ 261,923</td>
</tr>
</tbody>
</table>
NOTE H – UNEARNED REVENUE – PPP FUNDS

On May 3, 2020, the Organization received loan proceeds of $209,462 (AG) and $110,490 (MECA) from promissory notes issued by Wells Fargo Bank and on April 16, 2021, $125,000 (AG) from a promissory note issued by Liberty SBF under the Paycheck Protection Program (“PPP”) which was established under the Coronavirus Aid, Relief and Economic Security Act (“CARES ACT”) and administered by the U.S. Small Business Administration. Loans are provided to qualifying businesses for up to 2.5 times of the average monthly payroll and certain other expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of the loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses and the maintenance of workforce and compensation levels with certain limitations. The Organization believes that it will likely qualify for full forgiveness, but there is uncertainty around the standard and operation of PPP, and no assurance is provided that the Organization will obtain forgiveness in full or in part.

The unforgiven portion of the PPP loan, in whole or in part, is payable over eighteen months at an interest rate of 1%, with a deferral of payments for the first six months.

The Wells Fargo Bank loans - $209,462 and $110,490 – were forgiven in October 2021, and the Liberty SBF loan was forgiven in January 2022.

NOTE I – INCOME TAXES

The consolidated provision for federal and state income taxes for the fiscal years ended June 30, 2022 and 2021 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal income taxes</td>
<td>$ 8,737</td>
<td>$ 4,981</td>
</tr>
<tr>
<td>State franchise taxes</td>
<td>4,317</td>
<td>3,338</td>
</tr>
<tr>
<td>Total</td>
<td>$ 13,054</td>
<td>8,319</td>
</tr>
</tbody>
</table>
NOTE J - TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets are available for the following purposes at June 30, 2022 and 2021:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cycling and Sports</td>
<td>$182,642</td>
<td>$94,678</td>
</tr>
<tr>
<td>RAWA</td>
<td>430,724</td>
<td>388,976</td>
</tr>
<tr>
<td>Play and Heal</td>
<td>-0-</td>
<td>55,055</td>
</tr>
<tr>
<td>Summer camps</td>
<td>-0-</td>
<td>7,076</td>
</tr>
<tr>
<td>Scholarships</td>
<td>60,329</td>
<td>2,416</td>
</tr>
<tr>
<td>Maia</td>
<td>37,804</td>
<td>135,360</td>
</tr>
<tr>
<td>Riwak</td>
<td>-0-</td>
<td>5,257</td>
</tr>
<tr>
<td>Jenin Freedom Theater</td>
<td>51,111</td>
<td>26,559</td>
</tr>
<tr>
<td>Khuzzza</td>
<td>-0-</td>
<td>8,465</td>
</tr>
<tr>
<td>Siraj</td>
<td>1,820</td>
<td>2,688</td>
</tr>
<tr>
<td>E. Said Library</td>
<td>103,756</td>
<td>46,012</td>
</tr>
<tr>
<td>Playgrounds</td>
<td>-0-</td>
<td>16,544</td>
</tr>
<tr>
<td>PaliRoots- Meals</td>
<td>178,871</td>
<td>348,267</td>
</tr>
<tr>
<td>PaliRoots – Emergency</td>
<td>1,370,235</td>
<td>1,492,095</td>
</tr>
<tr>
<td>PaliRoots – Lebanon &amp; Palestine</td>
<td>265,433</td>
<td>-0-</td>
</tr>
<tr>
<td>Youth vision</td>
<td>14,890</td>
<td>9,250</td>
</tr>
<tr>
<td>Various other programs</td>
<td>14,034</td>
<td>700</td>
</tr>
</tbody>
</table>

$2,711,649 $2,639,398

Net assets are released from donor restrictions by incurring expenses satisfying programming restrictions.

NOTE K – SUPPLEMENTAL CASH FLOW INFORMATION

The following amounts were paid for interest and federal and state income taxes in the fiscal years ended June 30, 2022 and 2021:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>$12,415</td>
<td>$9,760</td>
</tr>
</tbody>
</table>