

CÔTÉ & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

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

CONSOLIDATED FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

TABLE OF CONTENTS

JUNE 30, 2024

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT.....	1 - 2
FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position.....	3 - 4
Consolidated Statement of Activities – June 30, 2024.....	5
Consolidated Statement of Activities – June 30, 2023.....	6
Consolidated Statement of Functional Expenses – June 30, 2024.....	7
Consolidated Statement of Functional Expenses – June 30, 2023.....	8
Statements of Cash Flows.....	9
Notes to Financial Statements.....	10 - 20

Côté & Company, APC

CERTIFIED PUBLIC ACCOUNTANTS

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, 2024 and 2023 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, 2024 and 2023, 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
April 30, 2025

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,616,794	\$ 883,003
Investments, at fair value	11,520,177	1,354,134
Accounts receivable	309,576	191,106
Inventory	339,478	669,150
Employee advances	409	-
Prepaid expenses	7,426	5,357
Prepaid federal and state income taxes	4,989	36,288
Total current assets	<u>13,798,849</u>	<u>3,139,038</u>
FIXED ASSETS		
Computers and software	44,698	44,328
Furniture and fixtures	8,918	6,393
Auto	34,397	34,397
Leasehold improvements	67,525	67,525
Machinery and equipment	451,281	420,247
	606,819	572,890
Less accumulated depreciation	(438,037)	(405,875)
Total fixed assets	<u>168,782</u>	<u>167,015</u>
OTHER ASSETS		
Deposits	27,340	27,340
Investments, at fair value	855,943	3,800,912
Total other assets	<u>883,283</u>	<u>3,828,252</u>
TOTAL ASSETS	<u>\$ 14,850,914</u>	<u>\$ 7,134,305</u>

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 165,108	\$ 360,217
Credit cards payable	34,555	43,774
Accrued payroll and payroll related	265,926	188,494
Sales taxes payable	37,168	34,878
Federal and state income taxes payable	-	-
Leases payable	24,005	22,505
Grants payable	213,183	-
Customer deposits	259,110	490,266
Total current liabilities	<u>999,055</u>	<u>1,140,134</u>
LONG-TERM LIABILITIES		
Leases payable	60,165	83,157
Total long-term liabilities	<u>60,165</u>	<u>83,157</u>
Total liabilities	<u>1,059,220</u>	<u>1,223,291</u>
NET ASSETS		
Without donor restrictions	9,978,202	3,440,016
With donor restrictions	3,392,319	2,099,827
Retained earnings	421,173	371,171
Total net assets	<u>13,791,694</u>	<u>5,911,014</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,850,914</u>	<u>\$ 7,134,305</u>

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, 2024

	Without Donor <u>Unrestricted</u>	With Donor <u>Restrictions</u>	Alliance Graphics	<u>Total</u>
OPERATING ACTIVITIES				
Contributions	\$ 5,903,398	\$ 12,039,355	\$ -	\$ 17,942,753
Grants	<u>2,053,571</u>	<u>-</u>	<u>-</u>	<u>2,053,571</u>
Total contributions and grants	<u>7,956,969</u>	<u>12,039,355</u>	<u>-</u>	<u>19,996,324</u>
Sales, net of cost of goods sold of \$2,601,234	-	-	2,549,854	2,549,854
Sales, net of cost of goods sold of \$582,262	311,473	-	-	311,473
Special events, net of expenses of \$49,564	115,319	-	-	115,319
Other income	<u>14,762</u>	<u>-</u>	<u>23,137</u>	<u>37,899</u>
Total revenues and other support	<u>441,554</u>	<u>-</u>	<u>2,572,991</u>	<u>3,014,545</u>
	8,398,523	12,039,355	2,572,991	23,010,869
Support provided by expiring time and purpose restrictions	<u>10,746,863</u>	<u>(10,746,863)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>19,145,386</u>	<u>1,292,492</u>	<u>2,572,991</u>	<u>23,010,869</u>
EXPENSES				
Program Services				
Humanitarian aid	10,119,562	-	-	10,119,562
GR Pro for kids	831,345	-	-	831,345
Education and culture	282,674	-	-	282,674
University	<u>269,828</u>	<u>-</u>	<u>-</u>	<u>269,828</u>
Total programs	11,503,409	-	-	11,503,409
Management and general	331,607	-	-	331,607
Fund raising	1,114,861	-	-	1,114,861
Allied Graphics	<u>-</u>	<u>-</u>	<u>2,524,878</u>	<u>2,524,878</u>
Total expenses	<u>12,949,877</u>	<u>-</u>	<u>2,524,878</u>	<u>15,474,755</u>
Changes in net assets from operating activities	<u>6,195,509</u>	<u>1,292,492</u>	<u>48,113</u>	<u>7,536,114</u>
NONOPERATING ACTIVITIES				
Realized and unrealized losses, net of investment expenses of \$6,980	50,701	-	300	51,001
Interest and dividends	<u>291,976</u>	<u>-</u>	<u>10,111</u>	<u>302,087</u>
Total nonoperating losses	<u>342,677</u>	<u>-</u>	<u>10,411</u>	<u>353,088</u>
Changes in net assets before income taxes	6,538,186	1,292,492	58,524	7,889,202
Federal and state income tax expense	<u>-</u>	<u>-</u>	<u>(8,522)</u>	<u>(8,522)</u>
Changes in net assets	6,538,186	1,292,492	50,002	7,880,680
NET ASSETS, beginning of year	<u>3,440,016</u>	<u>2,099,827</u>	<u>371,171</u>	<u>5,911,014</u>
NET ASSETS, end of year	<u>\$ 9,978,202</u>	<u>\$ 3,392,319</u>	<u>\$ 421,173</u>	<u>\$ 13,791,694</u>

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, 2023**

	Without Donor <u>Unrestricted</u>	With Donor <u>Restrictions</u>	Alliance <u>Graphics</u>	<u>Total</u>
OPERATING ACTIVITIES				
Contributions	\$ 2,472,046	\$ 120,853	-	\$ 2,592,899
Grants	<u>681,942</u>	<u>-</u>	<u>-</u>	<u>681,942</u>
Total contributions and grants	<u>3,153,988</u>	<u>120,853</u>	<u>-</u>	<u>3,274,841</u>
Sales, net of cost of goods sold of \$2,285,632	-	-	2,476,494	2,476,494
Sales, net of cost of goods sold of \$161,199	36,687	-	-	36,687
Special events, net of expenses of \$29,164	70,238	-	-	70,238
Other income	<u>20,916</u>	<u>-</u>	<u>9,843</u>	<u>30,759</u>
Total revenues and other support	<u>127,841</u>	<u>-</u>	<u>2,486,337</u>	<u>2,614,178</u>
	3,281,829	120,853	2,486,337	5,889,019
Support provided by expiring time and purpose restrictions	<u>732,675</u>	<u>(732,675)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>4,014,504</u>	<u>(611,822)</u>	<u>2,486,337</u>	<u>5,889,019</u>
EXPENSES				
Program Services				
Humanitarian aid	1,455,396	-	-	1,455,396
GR Pro for kids	916,702	-	-	916,702
Education and culture	352,542	-	-	352,542
University	<u>240,435</u>	<u>-</u>	<u>-</u>	<u>240,435</u>
Total programs	2,965,075	-	-	2,965,075
Management and general	276,302	-	-	276,302
Fund raising	514,196	-	-	514,196
Allied Graphics	-	-	2,323,157	2,323,157
Total expenses	<u>3,755,573</u>	<u>-</u>	<u>2,323,157</u>	<u>6,078,730</u>
Changes in net assets from operating activities	<u>258,931</u>	<u>(611,822)</u>	<u>163,180</u>	<u>(189,711)</u>
NONOPERATING ACTIVITIES				
Realized and unrealized gains, net of investment expenses of \$6,980	23,101	-	(354)	22,747
Interest and dividends	<u>56,853</u>	<u>-</u>	<u>1,063</u>	<u>57,916</u>
Total nonoperating income	<u>79,954</u>	<u>-</u>	<u>709</u>	<u>80,663</u>
Changes in net assets before income taxes	338,885	(611,822)	163,889	(109,048)
Federal and state income tax expense	<u>-</u>	<u>-</u>	<u>(21,587)</u>	<u>(21,587)</u>
Changes in net assets	338,885	(611,822)	142,302	(130,635)
NET ASSETS, beginning of year	<u>3,101,131</u>	<u>2,711,649</u>	<u>228,869</u>	<u>6,041,649</u>
NET ASSETS, end of year	<u>\$ 3,440,016</u>	<u>\$ 2,099,827</u>	<u>\$ 371,171</u>	<u>\$ 5,911,014</u>

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, 2024

	Humanitarian Aid	GR Pro For Kids	Education & Culture	University Aid	Total Programs	General & Admin.	Fundraising	Allied Graphics	Total
Salaries and wages	\$ 174,970	\$ 77,764	\$ 97,205	\$ 38,882	\$ 388,821	\$ 163,369	\$ 247,854	\$ 1,418,279	\$ 2,218,323
Payroll taxes	12,826	5,700	7,125	2,850	28,501	11,974	18,165	112,068	170,708
Employee benefits	20,061	8,916	11,145	4,458	44,580	18,729	28,413	464,144	555,866
Total payroll and payroll related	207,857	92,380	115,475	46,190	461,902	194,072	294,432	1,994,491	2,944,897
Professional services	-	-	14,152	-	14,152	66,004	94,132	24,026	198,314
Grants and donations	9,891,452	720,517	121,934	206,580	10,940,483	-	-	-	10,940,483
Travel	8,109	8,110	8,109	8,110	32,438	740	16,955	-	50,133
Advertising and marketing	427	428	428	428	1,711	-	338,475	-	340,186
Dues and subscriptions	700	700	700	700	2,800	4,282	243	7,080	14,405
Bank fees and interest	-	-	900	-	900	9,234	322,398	75,936	408,468
Insurance	-	-	-	-	-	7,255	-	16,662	23,917
Meetings and conferences	-	-	-	-	-	2,104	914	-	3,018
Occupancy	-	-	-	-	-	26,419	-	215,876	242,295
Equipment leases and maintenance	-	-	-	-	-	-	-	17,340	17,340
Postage and shipping	2,975	2,975	6,693	2,231	14,874	78	14,873	-	29,825
Printing and publications	2,821	2,821	5,830	2,218	13,690	-	31,539	-	45,229
Telephone	228	228	229	228	913	5,455	-	4,684	11,052
Supplies	-	-	-	-	-	13,874	-	17,715	31,589
Website and internet	3,152	3,151	6,348	3,107	15,758	23	-	33,026	48,807
Sales and marketing	-	-	-	-	-	876	-	47,143	48,019
Interest expense	-	-	-	-	-	-	-	7,674	7,674
Miscellaneous	1,841	35	1,876	36	3,788	1,191	900	31,062	36,941
Depreciation	-	-	-	-	-	-	-	32,163	32,163
Total	\$ 10,119,562	\$ 831,345	\$ 282,674	\$ 269,828	\$ 11,503,409	\$ 331,607	\$ 1,114,861	\$ 2,524,878	\$ 15,474,755

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, 2023

	Humanitarian Aid	GR Pro For Kids	Education & Culture	University Aid	Total Programs	General & Admin.	Fundraising	Allied Graphics	Total
Salaries and wages	\$ 164,681	\$ 73,192	\$ 91,489	\$ 36,596	\$ 365,958	\$ 143,704	\$ 223,649	\$ 1,293,518	\$ 2,026,829
Payroll taxes	13,127	5,834	7,293	2,917	29,171	11,455	17,828	107,441	165,895
Employee benefits	17,262	7,672	9,590	3,836	38,360	15,064	23,443	421,968	498,835
Total payroll and payroll related	195,070	86,698	108,372	43,349	433,489	170,223	264,920	1,822,927	2,691,559
Professional services	-	-	20,221	-	20,221	39,612	77,511	29,926	167,270
Grants and donations	1,245,772	815,449	198,760	184,794	2,444,775	-	-	-	2,444,775
Travel	4,724	4,725	4,724	4,724	18,897	3,207	20,331	-	42,435
Advertising and marketing	-	-	-	-	-	105	71,712	-	71,817
Dues and subscriptions	634	634	634	634	2,536	1,913	568	8,496	13,513
Bank fees and interest	-	-	-	-	-	3,825	40,417	62,287	106,529
Insurance	-	-	-	-	-	6,138	-	14,447	20,585
Meetings and conferences	287	288	482	289	1,346	3,014	2,897	-	7,257
Occupancy	-	-	-	-	-	26,760	-	202,666	229,426
Equipment leases and maintenance	-	-	-	-	-	-	-	19,577	19,577
Postage and shipping	2,710	2,710	6,097	2,032	13,549	125	12,598	-	26,272
Printing and publications	3,817	3,816	8,408	2,897	18,938	-	18,361	-	37,299
Telephone	349	349	698	-	1,396	4,673	138	4,687	10,894
Supplies	-	-	-	-	-	13,594	-	18,040	31,634
Website and internet	1,890	1,890	3,956	1,716	9,452	896	3,499	-	13,847
Sales and marketing	-	-	-	-	-	-	-	70,721	70,721
Office	-	-	-	-	-	789	1,244	19,554	21,587
Miscellaneous	143	143	190	-	476	1,428	-	17,203	19,107
Depreciation	-	-	-	-	-	-	-	32,626	32,626
Total	\$ 1,455,396	\$ 916,702	\$ 352,542	\$ 240,435	\$ 2,965,075	\$ 276,302	\$ 514,196	\$ 2,323,157	\$ 6,078,730

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, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 7,880,680	\$ (130,635)
Adjustments to reconcile the change in net assets to net cash provided by operation activities:		
Depreciation	32,162	32,626
Donated stock	(72,329)	(102,886)
Net realized and unrealized losses (gains) on investment	(58,011)	(30,081)
(Increase) decrease in:		
Accounts receivable	(118,470)	(47,593)
Inventory	329,672	(249,537)
Prepaid expenses	29,230	12,505
Increase (decrease) in:		
Accounts payable and accrued expenses	(117,677)	(217,828)
Credit cards payable	(9,219)	(10,260)
Sales taxes payable	2,290	11,547
Federal and state income taxes payable	-	(1,247)
Grants payable	213,183	(192,215)
Customer deposits	<u>(231,156)</u>	<u>366,544</u>
Net cash provided (used) by operating activities	<u>7,880,355</u>	<u>(559,060)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net increase in employee advances	(409)	500
Purchases of fixed assets	(31,033)	(141,960)
Purchases of investments	(11,784,656)	(5,207,333)
Sales of investments	<u>4,691,026</u>	<u>4,807,982</u>
Net cash used by investing activities	<u>(7,125,072)</u>	<u>(540,811)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in leases payable	-	123,286
Payments on leases and loans	<u>(21,492)</u>	<u>(17,624)</u>
Net cash provided (used) by financing activities	<u>(21,492)</u>	<u>105,662</u>
NET INCREASE (DECREASE) IN CASH	733,791	(994,209)
CASH		
Beginning of year	<u>883,003</u>	<u>1,877,212</u>
End of year	<u>\$ 1,616,794</u>	<u>\$ 883,003</u>

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
MECA -		
Olive oil	\$ 14,198	\$ 66,265
Palestinian products	41,851	46,898
U.S. products	34,630	14,135
AG -		
Finished goods	27,676	29,622
Work-in-progress	<u>221,123</u>	<u>512,230</u>
Total	<u>\$ 339,478</u>	<u>\$ 669,150</u>

Advertising Costs

Advertising is expensed as incurred. Advertising expense for the fiscal year ended June 30, 2024 and 2023 amounted to \$24,621 and \$14,999, respectively.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2024, 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 2020 and 2019, 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).

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, 2024 and 2023, 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 \$95,619 and \$95,282 for the fiscal years ended June 30, 2024 and 2023, respectively.

Subsequent Events

Management has evaluated subsequent events through May 5, 2025, the date the financial statements were available to be issued.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

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, 2024 are:

Financial assets:	
Cash and cash equivalents	\$ 1,616,794
Accounts receivable	309,576
Inventory	339,478
Investments	<u>12,376,120</u>
Total financial assets	14,641,968
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets	<u>(3,392,319)</u>
Amount available for general expenditures within one year	\$ <u>11,249,649</u>

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).

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

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.

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, 2024 and 2023.

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2024 and 2023:

	June 30, 2024			Total
	(Level 1)	(Level 2)	(Level 3)	
Cash – sweep accounts	\$ 94,204	\$ -0-	\$ -0-	\$ 94,204
Certificates of deposit	-0-	11,614,327	-0-	11,614,327
Equity securities	419,753	-0-	-0-	419,753
Real estate investment trusts	8,700	-0-	-0-	8,700
Mutual funds	<u>239,136</u>	<u>-0-</u>	<u>-0-</u>	<u>239,136</u>
Total investments	<u>\$ 761,793</u>	<u>\$ 11,614,327</u>	<u>\$ -0-</u>	<u>\$ 12,376,120</u>

	June 30, 2023			Total
	(Level 1)	(Level 2)	(Level 3)	
Cash – sweep accounts	\$ 6,899	\$ -0-	\$ -0-	\$ 6,899
Certificates of deposit	-0-	4,571,683	-0-	4,571,683
Equity securities	356,605	-0-	-0-	356,605
Real estate investment trusts	8,822	-0-	-0-	8,822
Mutual funds	<u>211,037</u>	<u>-0-</u>	<u>-0-</u>	<u>211,037</u>
Total investments	<u>\$ 583,363</u>	<u>\$ 4,571,683</u>	<u>\$ -0-</u>	<u>\$ 5,155,046</u>

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, 2024 and 2023, 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE G – COMMITMENTS (Continued)

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, 2024 are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2024	\$ <u>78,810</u>

NOTE I – INCOME TAXES

The consolidated provision for federal and state income taxes for the fiscal years ended June 30, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Federal income taxes	\$ 7,716	\$ 9,512
State franchise taxes	<u>806</u>	<u>12,075</u>
Total	\$ <u>8,522</u>	\$ <u>21,587</u>

NOTE J – SUPPLEMENTAL CASH FLOW INFORMATION

The following amounts were paid for interest and federal and state income taxes in the fiscal years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Taxes	\$ <u>24,270</u>	\$ <u>35,500</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE K - TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets are available for the following purposes at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cycling and Sports	\$ 246,222	\$ 166,073
Backpacks and toys	5,617	-0-
RAWA	-0-	189,627
Beatrice Halaby	65,200	47,800
Scholarships	-0-	5,101
Maia	134,781	42,966
Jenin Freedom Theater	251,232	96,128
Jenin Emergency	9,289	-0-
JLAC	6,659	-0-
Teach Palestine	9,812	-0-
E. Said Library	48,310	76,635
PaliRoots- Meals	1,029,868	1,243,101
PaliRoots – Lebanon & Palestine	131,441	197,888
Gaza	1,414,679	265,433
Youth vision	20,755	19,230
Various other programs	<u>18,360</u>	<u>15,278</u>
	<u>\$ 3,392,319</u>	<u>\$ 2,099,827</u>

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