



**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
AUGUST 31, 2024 AND 2023**

NATIONAL COUNCIL ON U.S. – ARAB RELATIONS

FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2024 and 2023

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## Independent Auditor's Report

To the Board of Directors of  
National Council on U.S. - Arab Relations  
Washington, D.C.

### **Opinion**

We have audited the accompanying financial statements of National Council on U.S. – Arab Relations (a nonprofit organization), which comprise the statements of financial position as of August 31, 2024 and 2023 and the related statements of activities and changes in net assets, functional expenses, program services, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Council on U.S. – Arab Relations as of August 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 National Council on U.S. – Arab Relations and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

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

### **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 generally accepted auditing standards 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 generally accepted auditing standards, 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 National Council on U.S. – Arab Relation'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 National Council on U.S. – Arab Relation'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

*Alta CPA Group, LLC*

Annapolis, MD  
December 18, 2024

NATIONAL COUNCIL ON U.S. - ARAB RELATIONS  
STATEMENTS OF FINANCIAL POSITION  
AUGUST 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 157,088	\$ 898,138
Accrued Interest Income	2,927	2,656
Investments	2,578,326	1,894,289
Prepaid Expenses	11,626	10,000
Total Current Assets	<u>2,749,967</u>	<u>2,805,083</u>
Property and Equipment:		
Furniture and Equipment	32,116	32,116
Leasehold Improvements	5,048	5,048
Total Property and Equipment	<u>37,164</u>	<u>37,164</u>
Less Accumulated Depreciation	<u>(34,592)</u>	<u>(34,442)</u>
Total Property and Equipment, Net	2,572	2,722
Other Assets:		
Right of Use Asset - Operating Lease	146,307	259,103
Pottery Collection	85,800	85,800
Book Collection	4,000	4,000
Total Other Assets	<u>236,107</u>	<u>348,903</u>
Total Assets	<u>\$ 2,988,646</u>	<u>\$ 3,156,708</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 6,726	\$ 10,825
Accrued Expenses	22,420	31,303
Lease Obligation Liability - Operating Lease, Current Portion	130,895	123,866
Total Current Liabilities	<u>160,041</u>	<u>165,994</u>
Long-Term Liabilities:		
Lease Obligation Liability - Operating Lease, Noncurrent Portion	34,102	164,998
Total Long-Term Liabilities	<u>34,102</u>	<u>164,998</u>
Total Liabilities	194,143	330,992
Net Assets:		
Without Donor Restrictions	2,794,503	2,825,716
With Donor Restrictions	-	-
Total Net Assets	<u>2,794,503</u>	<u>2,825,716</u>
Total Liabilities and Net Assets	<u>\$ 2,988,646</u>	<u>\$ 3,156,708</u>

See auditor's report and accompanying notes to financial statements.

NATIONAL COUNCIL ON U.S. - ARAB RELATIONS  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED AUGUST 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Gains, and Other Support:			
Contributions	\$ 597,608	\$ -	\$ 597,608
Program Revenues	475,391	-	475,391
Investment Income	372,782	-	372,782
Miscellaneous Income	<u>6,478</u>	<u>-</u>	<u>6,478</u>
Total Support and Revenue	1,452,259	-	1,452,259
EXPENSES:			
Program Services:			
Annual Policymakers Conference	439,626	-	439,626
Hon. J. P. Malone Fellowship	87,935	-	87,935
Youth Programs	312,568	-	312,568
Model Arab League	302,174	-	302,174
Public Affairs Briefings	<u>144,043</u>	<u>-</u>	<u>144,043</u>
Total Program Services	1,286,346	-	1,286,346
Supporting Services:			
Management and General	149,678	-	149,678
Fundraising	<u>47,448</u>	<u>-</u>	<u>47,448</u>
Total Expenses	<u>1,483,472</u>	<u>-</u>	<u>1,483,472</u>
Change in Net Assets	(31,213)	-	(31,213)
Net Assets at Beginning of Year	<u>2,825,716</u>	<u>-</u>	<u>2,825,716</u>
Net Assets at End of Year	<u>\$ 2,794,503</u>	<u>\$ -</u>	<u>\$ 2,794,503</u>

See auditor's report and accompanying notes to financial statements.

NATIONAL COUNCIL ON U.S. - ARAB RELATIONS  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED AUGUST 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Gains, and Other Support:			
Contributions	\$ 824,919	\$ -	\$ 824,919
Program Revenues	344,876	-	344,876
Gain on Investments	198,826	-	198,826
Miscellaneous Income	<u>16</u>	<u>-</u>	<u>16</u>
Total Support and Revenue	1,368,637	-	1,368,637
EXPENSES:			
Program Services:			
Annual Policymakers Conference	406,405	-	406,405
Hon. J. P. Malone Fellowship	102,051	-	102,051
Youth Programs	339,230	-	339,230
Model Arab League	307,464	-	307,464
Public Affairs Briefings	<u>166,369</u>	<u>-</u>	<u>166,369</u>
Total Program Services	1,321,519	-	1,321,519
Supporting Services:			
Management and General	162,322	-	162,322
Fundraising	<u>55,144</u>	<u>-</u>	<u>55,144</u>
Total Expenses	<u>1,538,985</u>	<u>-</u>	<u>1,538,985</u>
Change in Net Assets	(170,348)	-	(170,348)
Net Assets at Beginning of Year	<u>2,996,064</u>	<u>-</u>	<u>2,996,064</u>
Net Assets at End of Year	<u>\$ 2,825,716</u>	<u>\$ -</u>	<u>\$ 2,825,716</u>

See auditor's report and accompanying notes to financial statements.

NATIONAL COUNCIL ON U.S. - ARAB RELATIONS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2024

	Program Services	Management and General	Fundraising	Total
Common Area and Storage	\$ 1,100	\$ 149	\$ 57	\$ 1,306
Conference and Events	207,752	-	-	207,752
Contract Labor	69,336	-	-	69,336
Depreciation	126	17	7	150
Fringe Benefits	76,614	10,343	4,002	90,959
Insurance	6,064	817	317	7,198
Occupancy	103,255	13,936	5,394	122,585
Office Expense	17,309	21,988	663	39,960
Payroll Taxes	46,258	6,244	2,417	54,919
Printing	13,239	478	9	13,726
Professional Fees	21,142	2,854	1,104	25,100
Salaries and Wages	609,573	82,285	31,842	723,700
Travel and Lodging	104,624	9,224	1,116	114,964
Website and IT	9,954	1,343	520	11,817
<b>Total Functional Expenses</b>	<b>\$ <u>1,286,346</u></b>	<b>\$ <u>149,678</u></b>	<b>\$ <u>47,448</u></b>	<b>\$ <u>1,483,472</u></b>

See auditor's report and accompanying notes to financial statements.

NATIONAL COUNCIL ON U.S. - ARAB RELATIONS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2023

	Program Services	Management and General	Fundraising	Total
Common Area and Storage	\$ 4,197	\$ 567	\$ 219	\$ 4,983
Conference and Events	178,798	-	-	178,798
Contract Labor	44,701	-	-	44,701
Depreciation	126	16	7	149
Fringe Benefits	137,262	18,529	7,171	162,962
Insurance	14,024	1,894	732	16,650
Occupancy	118,536	16,001	6,192	140,729
Office Expense	14,700	18,666	563	33,929
Payroll Taxes	46,654	6,297	2,438	55,389
Printing	7,684	277	5	7,966
Professional Fees	22,087	2,981	1,154	26,222
Salaries and Wages	683,131	92,214	35,685	811,030
Travel and Lodging	38,817	3,422	414	42,653
Website and IT	10,802	1,458	564	12,824
<b>Total Functional Expenses</b>	<b>\$ 1,321,519</b>	<b>\$ 162,322</b>	<b>\$ 55,144</b>	<b>\$ 1,538,985</b>

See auditor's report and accompanying notes to financial statements.

NATIONAL COUNCIL ON U.S. - ARAB RELATIONS  
STATEMENT OF PROGRAM EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2024

	Annual Policymakers Conference	Hon. J. P. Malone Fellowship	Youth Programs	Model Arab League	Public Affairs Briefings	Total
Common Area and Storage	\$ 224	\$ 106	\$ 328	\$ 271	\$ 171	\$ 1,100
Conference and Events	180,746	269	-	24,369	2,368	207,752
Contract Labor	20,116	-	32,186	17,034	-	69,336
Depreciation	25	12	38	31	20	126
Fringe Benefits	15,599	7,376	22,858	18,865	11,916	76,614
Insurance	1,235	584	1,809	1,493	943	6,064
Occupancy	21,024	9,942	30,806	25,424	16,059	103,255
Office Expense	4,369	1,434	3,893	5,638	1,975	17,309
Payroll Taxes	9,418	4,454	13,801	11,390	7,195	46,258
Printing	10,184	17	51	2,960	27	13,239
Professional Fees	4,305	2,035	6,308	5,206	3,288	21,142
Salaries and Wages	124,114	58,692	181,866	150,096	94,805	609,573
Travel and Lodging	46,240	2,056	15,654	36,946	3,728	104,624
Website and IT	2,027	958	2,970	2,451	1,548	9,954
<b>Total Expenses</b>	<b>\$ 439,626</b>	<b>\$ 87,935</b>	<b>\$ 312,568</b>	<b>\$ 302,174</b>	<b>\$ 144,043</b>	<b>\$ 1,286,346</b>

See auditor's report and accompanying notes to financial statements.

NATIONAL COUNCIL ON U.S. - ARAB RELATIONS  
STATEMENT OF PROGRAM EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2023

	Annual Policymakers Conference	Hon. J. P. Malone Fellowship	Youth Programs	Model Arab League	Public Affairs Briefings	Total
Common Area and Storage	\$ 855	\$ 404	\$ 1,252	\$ 1,033	\$ 653	\$ 4,197
Conference and Events	155,555	232	-	20,973	2,038	178,798
Contract Labor	12,969	-	20,750	10,982	-	44,701
Depreciation	25	12	38	31	20	126
Fringe Benefits	27,948	13,216	40,952	33,798	21,348	137,262
Insurance	2,856	1,350	4,184	3,453	2,181	14,024
Occupancy	24,136	11,413	35,365	29,187	18,435	118,536
Office Expense	3,710	1,218	3,306	4,787	1,679	14,700
Payroll Taxes	9,499	4,492	13,920	11,487	7,256	46,654
Printing	5,910	10	30	1,718	16	7,684
Professional Fees	4,497	2,126	6,590	5,439	3,435	22,087
Salaries and Wages	139,091	65,775	203,812	168,208	106,245	683,131
Travel and Lodging	17,155	763	5,808	13,708	1,383	38,817
Website and IT	2,199	1,040	3,223	2,660	1,680	10,802
<b>Total Expenses</b>	<b>\$ <u>406,405</u></b>	<b>\$ <u>102,051</u></b>	<b>\$ <u>339,230</u></b>	<b>\$ <u>307,464</u></b>	<b>\$ <u>166,369</u></b>	<b>\$ <u>1,321,519</u></b>

See auditor's report and accompanying notes to financial statements.

NATIONAL COUNCIL ON U.S. - ARAB RELATIONS  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (31,213)	\$ (170,348)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Used by Operating Activities:		
Depreciation and Amortization	150	149
Net Unrealized and Realized (Gain) Loss on Investments	(301,605)	(196,153)
Changes in Operating Assets and Liabilities:		
Accrued Interest Income	(271)	340
Prepaid Expenses	(1,626)	(4,940)
Operating Lease Assets and Liabilities	(11,071)	8,300
Accounts Payable	(4,099)	2,506
Accrued Expenses	(8,883)	5,805
Net Cash Used by Operating Activities	(358,618)	(354,341)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(382,432)	-
Proceeds from Sale of Investments	-	976,317
Net Cash Provided (Used) by Investing Activities	(382,432)	976,317
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(741,050)	621,976
Cash and Cash Equivalents, Beginning of Year	898,138	276,162
Cash and Cash Equivalents, End of Year	\$ 157,088	\$ 898,138

See auditor's report and accompanying notes to financial statements.

NATIONAL COUNCIL ON U.S. – ARAB RELATIONS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The National Council on U.S. – Arab Relations (the “Council”) is a nonprofit organization that seeks to enhance understanding, awareness, dialogue, and bonds of friendship between the peoples of the United States and the Arab countries, the Mideast, and the Islamic world. They achieve their educational mission through programs such as conferences, youth programs, internships, and lectures.

Program Services

**Annual Policymakers Conference:** Gathers internationally renowned specialists to analyze, discuss, and debate important issues to the American and Arab people’s needs, concerns, interests, and foreign policy objectives. Arab and American leaders from government, the military, business, and academe share privileged information and insight that is vitally important to the definition of issues and the direction of policy formulation and implementation in American and Arab governments alike.

**Hon. J.P. Malone Fellowship:** Provides firsthand exposure to Arab and Islamic cultures for academics through participation in two to three-weeks’ structured educational experiences in an Arab country. The Council’s staff escorts groups of eight to twenty people to meetings with university colleagues, government ministries, diplomatic personnel, religious leaders, chamber of commerce officials, business executives, and representatives of select media and cultural institutions in the selected Arab countries.

**Youth Programs:** Offers undergraduate and graduate students an energizing and demanding mix of professional involvement, intellectual challenge, career exploration, and cultural encounter. Participation in twice weekly seminars is designed to provide a greater depth of knowledge about the Arab world, to understand the cultural, economic, and political diversity of Arab states, and explore the intricacies of Arab – U.S. relations.

**Model Arab League:** Offers students opportunities to learn, practice, and develop leadership skills. In the process, the participants, guided by faculty advisors, deepen their knowledge and understanding of Arab social, economic, cultural, and political issues.

**Public Affairs Briefings:** Foster educational opportunities to the public around Washington, D.C., where an assemblage of domestic and internationally renowned specialists analyze, discuss, and debate issues of importance to the relationship between the U.S. and the Arab countries, the Middle East, and the Islamic world. These events examine matters related to Arab – U.S. relations on a range of issues, strategic mutual interests, and policies.

NATIONAL COUNCIL ON U.S. – ARAB RELATIONS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Services (Continued)

**North Africa Area Studies Program:** The National Council established a North Africa Area Studies Program in July 2024. The program will share knowledge and understanding of North Africa with students, scholars, foreign affairs practitioners, and the public through a multidisciplinary approach that might include studies of history, anthropology and sociology, economics, international studies and diplomacy, political science, religion, and languages.

Basis of Accounting

The financial statements of the Council have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables and payables.

Financial Statement Presentation

The Council presents its financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for financial statements of nonprofit organizations. Under these accounting standards, the Council is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Council is required to present statements of functional expenses and cash flows.

Classification of Net Assets

Net assets of the Council and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are free of donor-imposed stipulations and are fully available to utilize for any program or supporting services. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the without donor restrictions class of net assets, including expenditures funded by restricted contributions. Expenditures funded by restricted contributions in accordance with donors’ stipulations results in the release of such restrictions. The Board of Directors (the “Board”) may designate certain amounts to be utilized or invested to meet specific objectives of the Council.

NATIONAL COUNCIL ON U.S. – ARAB RELATIONS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets (Continued)

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may expire with the passage of time or that may be satisfied by actions of the Council. When donor stipulations expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from donor restrictions.

Revenue Recognition

Revenue from contracts with customers primarily consists of conference fees and sponsorships. Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. These revenues are recognized net of discounts, waivers, and refunds. We determine revenue recognition through the five-step model prescribed by Topic 606 as follows:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract;
- Recognition of revenue when, or as, performance obligations are satisfied.

Revenue Recognition (Continued)

*Performance Obligations*

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service in the contract and recognized as revenue when, or as, the performance obligation is satisfied. The primary method used to estimate the standalone selling price is the adjusted market assessment approach, under which we evaluate the market and estimate a price that a customer would be willing to pay for the goods and services we provide.

The Council's performance obligations for conference fees and sponsorships are primarily satisfied at the point in time of events. The transaction price is determined based on gross price, net of discounts or refunds.

NATIONAL COUNCIL ON U.S. – ARAB RELATIONS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

We have elected the optional exemption to not disclose amounts where the performance obligation is part of a contract which has an original expected duration of one year or less. We expect to recognize substantially all revenue on these remaining performance obligations over the next 12 months.

*Contract Balances*

The timing of billings, cash collections, and revenue recognition may result in accounts receivable (contract assets) on the statements of financial position. Receivables are only recognized to the extent that it is probably that the Council will collect substantially all of the consideration to which it is entitled in exchange for the goods and services that will be transferred. The Council may receive advance payments and sponsorships for programs which are recorded as deferred revenue.

*Costs to Obtain a Contract*

The Council have elected the practical expedient available in ASC 340-40, in which any incremental costs of obtaining a contract are recognized as an expense when incurred if the amortization period of the asset that would have been recognized is one year or less.

*Practical Expedients and Optional Exemptions*

We have made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by governmental authorities which are both imposed and concurrent with the specific revenue-producing transactions and collected by the entity from our customers, e.g., sales and use taxes.

Income Taxes

The Council is incorporated under the laws of the District of Columbia for charitable, educational, and scientific purposes as defined by Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Council's tax-exempt purpose is subject to taxation as unrelated business income. In the opinion of management, the Council has unrelated business income less than the threshold requirement to pay unrelated business tax.

Accordingly, no provision for federal income taxes has been reflected in the accompanying financial statements.

NATIONAL COUNCIL ON U.S. – ARAB RELATIONS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

In addition, the Council qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1). The Council evaluates uncertainty in income tax positions based on a “more-likely-than-not” recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. The Council evaluates uncertain tax positions such that the effects of the tax positions are generally recognized in the financial statements consistent with amounts reflected in returns filed, or expected to be filed, with taxing authorities. As of August 31, 2024 and 2023, the Council has determined that no accruals for uncertain tax positions are required at this time.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets.

The Council directly charges expenses to the benefitting function where possible. For costs that benefit more than one function, the costs have been allocated within the statements of activities and changes in net assets, functional expenses, and program services, based on time records and estimates made by the Council’s management.

Estimates

Management uses estimates and assumptions in preparing financial statements in conformity with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reported period. Actual results could differ from those estimates.

Contributions

Contributions received are recorded as with or without donor restriction depending on the existence and/or nature of any donor restrictions. All contributions received are considered to be without donor restriction unless specifically restricted by the donor.

NATIONAL COUNCIL ON U.S. – ARAB RELATIONS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Donor Restrictions

All donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are carried at cost, if purchased, or at fair value on the date of donation, if contributed. Depreciation is computed using the straight line method over the estimated useful lives of five years for furniture and fixtures and computer equipment. Leasehold improvements are amortized using the straight line method over the estimated useful lives of 15 to 39 years.

Collections

Donated collection items for which detailed curatorial records were available are carried at fair market value at date of donation with no subsequent change. Gains and losses from deaccessions are reported as changes in net assets based on the absence or existence and nature of donor-imposed restrictions. Collection items are protected, kept unencumbered, cared for, and preserved.

Deferred Revenue

Income from sponsorships is deferred and recognized over the periods to which the sponsorships relate.

NOTE 2 - FAIR VALUE MEASUREMENTS

The fair value of financial assets and liabilities is measured according to the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques:

*Level 1* – Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

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NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

*Level 2* – Fair value is determined using quoted market prices in active markets for similar assets and liabilities.

*Level 3* – Fair value is determined using unobservable market prices in a market that is typically inactive.

Assets at Fair Value as of August 31, 2024

	<u>Level 1</u>		<u>Level 2</u>		<u>Level 3</u>		<u>Total</u>
Stock:							
Commodities ETF Fund	\$ 917,950	\$	---	\$	---	\$	917,950
Publicly Traded Stock Mutual Funds:							
U.S. Stock Mutual Funds	698,160		---		---		698,160
International Stock Mutual Funds	<u>284,250</u>		---		---		<u>284,250</u>
Total Publicly Traded Stock Mutual Funds	<u>1,900,360</u>		---		---		<u>1,900,360</u>
Publicly Traded Bond Mutual Funds:							
Corporate Bond Funds	144,545		---		---		144,545
US Treasury Bond Funds	<u>533,421</u>		---		---		<u>533,421</u>
Total Publicly Traded Bond Mutual Funds	<u>677,966</u>		---		---		<u>677,966</u>
Total Investments	\$ <u>2,578,326</u>	\$	---	\$	---	\$	<u>2,578,326</u>

Assets at Fair Value as of August 31, 2023

	<u>Level 1</u>		<u>Level 2</u>		<u>Level 3</u>		<u>Total</u>
Stock:							
Commodities ETF Fund	\$ 741,751	\$	---	\$	---	\$	741,751
Publicly Traded Stock Mutual Funds:							
U.S. Stock Mutual Funds	582,541		---		---		582,541
International Stock Mutual Funds	<u>240,179</u>		---		---		<u>240,179</u>
Total Publicly Traded Stock Mutual Funds	1,564,471		---		---		1,564,471
Publicly Traded Bond Mutual Funds:							
Corporate Bond Funds	268,553		---		---		268,553
US Treasury Bond Funds	<u>61,265</u>		---		---		<u>62,265</u>
Total Publicly Traded Bond Mutual Funds	<u>329,818</u>		---		---		<u>329,818</u>
Total Investments	\$ <u>1,894,289</u>	\$	---	\$	---	\$	<u>1,894,289</u>

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NOTE 3 - RETIREMENT PLAN

The Council adopted a defined contribution retirement plan effective August 1, 1988, for the exclusive benefit of eligible employees and their beneficiaries. An employee is eligible for participation after completing one year of service. Effective July 1, 2024, the plan was modified and amended to discontinue enrollment for new hires. Any employee hired after this date will not be enrolled in the plan, while existing participants are grandfathered in. This benefit is no longer available to new hires.

Contributions are made monthly to the plan and are equal to 10% of each participant’s eligible compensation for the years ended August 31, 2024, and 2023. Total employer retirement plan contributions made for the years ended August 31, 2024, and 2023 were \$40,165 and \$66,856, respectively.

NOTE 4 - COMMITMENTS

The Council leases office space in Washington, D.C. The Council signed a lease extension effective August 1, 2018 for 88 months. The lease expires November 30, 2025. The extension agreement calls for base monthly rent payments of \$9,610 for the first year of the extended lease with a 2.50% increase in base rent at each anniversary date of the lease extension. The lease extension also calls for the Council to pay its pro-rata share of the building operating expenses and real estate taxes.

The Council has elected the practical expedient not to separate lease and nonlease components for the operating lease for its office space.

During the years ended August 31, 2024 and 2023, the Council recognized rent expense associated with its leases as follows:

	<u>2024</u>	<u>2023</u>
Operating Lease Cost:		
Fixed Rent Expense	\$ <u>122,585</u>	\$ <u>140,729</u>
Total Lease Cost	\$ <u>122,585</u>	\$ <u>140,729</u>

During the years ended August 31, 2024 and 2023, the Organization had the following cash and non-cash activities associated with its leases:

	<u>2024</u>	<u>2023</u>
Cash Paid for Amounts Included in the Measurement Of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ <u>123,866</u>	\$ <u>132,428</u>

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NOTE 4 - COMMITMENTS (CONTINUED)

Future minimum lease payments under the facilities lease as of August 31 are as follows:

2025	130,895
2026	<u>45,413</u>
Total Future Minimum Payments Due	176,308
Less Effects of Discounting	<u>(11,312)</u>
Lease Liabilities Recognized	\$ <u>164,996</u>

Because the Council does not have access to the rate implicit in the lease, the Council has used the Treasury bill risk-free rate as of the commencement date of the leases to determine the applicable lease discount rate.

NOTE 5 - CONCENTRATION OF CREDIT RISK

The Council maintains its cash balances at one financial institution located in Washington, D.C.

The balances are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 by the bank for all accounts. The Council has not experienced any loss in such accounts and does not believe it is exposed to any significant credit risk with cash and cash equivalents. As of August 31, 2024 and 2024, the Council had no balance in excess of the \$250,000 FDIC insurance limit.

The Council maintains an account with a brokerage firm. The Security Investor Protection Corporation (SIPC) insures account balances up to \$500,000. As of August 31, 2024, the Council had no balance in excess of the \$500,000 SPIC insurance limit.

NOTE 6 - LIQUIDITY AND AVAILABILITY OF FUNDS

The Council maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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NOTE 6 - LIQUIDITY AND AVAILABILITY OF FUND (CONTINUED)

The Council’s financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows at August 31:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 157,008	\$ 898,138
Accrued Interest Income	2,927	2,656
Investments	<u>2,578,326</u>	<u>1,894,289</u>
Total Financial Assets	2,738,261	2,795,083
Financial Assets Available to Meet General Expenditures Within One Year:	\$ <u>2,738,261</u>	\$ <u>2,795,083</u>

NOTE 7 - SUBSEQUENT EVENTS

The Council evaluated subsequent events through the date that the financial statements were available to be issued. The Council has identified no significant events that occurred subsequent to the statement of financial position date but prior to December 18, 2024 that would have a material impact on the financial statements.