

**MIDDLE EAST MEDIA AND
RESEARCH INSTITUTE, INC.**

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2011

MIDDLE EAST MEDIA AND RESEARCH INSTITUTE, INC.

TABLE OF CONTENTS

	Page
Independent auditor's report	3
Financial statements:	
Statement of financial position	4
Statement of activities	5
Statement of cash flows	6
Notes to financial statements	7



Isaac Reitberger
Certified Public Accountant

10 Yeatman Court
Silver Spring, Maryland 20902
Phone: 301.593.2020
Fax: 240.510.1434

Independent Auditor's Report

Board of Directors
Middle East Media and Research Institute, Inc.

I have audited the accompanying statement of financial position of the Middle East Media and Research Institute, Inc. as of June 30, 2011 and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Middle East Media and Research Institute, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Isaac Reitberger, CPA

Silver Spring, Maryland
December 27, 2011

MIDDLE EAST MEDIA AND RESEARCH INSTITUTE, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2011

ASSETS

Cash and cash equivalents	\$ 244,264
Prepaid expenses	41,407
Contributions receivable	530,660
Deposits	44,108
Property, equipment and improvements, net of accumulated depreciation of \$291,892	<u>88,702</u>
Total assets	<u><u>\$ 949,141</u></u>

LIABILITIES

Accounts payable	<u>\$ 124,416</u>
Total liabilities	<u>124,416</u>

NET ASSETS

Unrestricted	824,725
Temporarily restricted	<u>-</u>
Total net assets	<u>824,725</u>
Total liabilities and net assets	<u><u>\$ 949,141</u></u>

The accompanying notes are an integral part of these financial statements

MIDDLE EAST MEDIA AND RESEARCH INSTITUTE, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	Unrestricted	Temporarily Restricted	Total
REVENUE			
Contributions	\$ 5,112,635	\$ -	\$ 5,112,635
Gain on sale of marketable securities	1,253		1,253
Interest and dividend income	184	-	184
Other income	50,809	-	50,809
Total revenue and support	5,164,881	-	5,164,881
EXPENSES			
Program services	4,548,661	-	4,548,661
General and administrative	231,844	-	231,844
Fundraising	346,442	-	346,442
Total expenses	5,126,947	-	5,126,947
Change in net assets	37,934	-	37,934
Net assets, beginning of year	786,791	-	786,791
Net assets, end of year	\$ 824,725	\$ -	\$ 824,725

The accompanying notes are an integral part of these financial statements

MIDDLE EAST MEDIA AND RESEARCH INSTITUTE, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011

Operating activities	
Change in net assets	\$ 37,934
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	33,388
Gain on sale of marketable securities	(1,253)
Increase in prepaid expenses	(35,153)
Increase in contributions receivable	(205,360)
Increase in accounts payable	50,349
Decrease in deposits-net	<u>(7,808)</u>
Net cash used in operating activities	<u>(127,903)</u>
Investing activities	
Purchase of property and equipment	(31,877)
Proceeds from sale of marketable securities	<u>11,969</u>
Net cash used in investing activities	<u>(19,908)</u>
Net increase in cash and cash equivalents	(147,811)
Cash and cash equivalents as of beginning of year	<u>392,075</u>
Cash and cash equivalents as of end of year	<u><u>\$ 244,264</u></u>

The accompanying notes are an integral part of these financial statements

MIDDLE EAST MEDIA AND RESEARCH INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION:

Organization:

The Middle East Media and Research Institute, Inc. (the "Institute"), a non-profit organization based in Washington, DC, was organized to serve as a clearinghouse for information regarding news and other cultural media in and on the subject of the Middle East.

Contributions:

Contributions are recognized as revenues upon receipt of unconditional promises to give.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, i.e., when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash equivalents:

For purposes of the statement of cash flows, the Institute considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Property and equipment:

Purchased or constructed property and equipment are recorded at cost. Depreciation is provided by the straight-line and accelerated methods over the estimated useful lives of the assets.

Income taxes:

The Institute is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509 (a) of the Internal Revenue Code. There was no unrelated business income for 2011.

MIDDLE EAST MEDIA AND RESEARCH INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED):

Income taxes (Continued):

The Institute is not subject to income taxes in accordance with the Income Taxes topic of FASB ASC (formerly FIN 48). The Income Taxes topic of FASB ASC 740-10 clarifies the accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, measurement and classification of amounts relating to uncertain tax positions, accounting for and disclosure of interest and penalties, accounting in interim periods, disclosures and transition relating to the adoption of the new accounting standards. The Company adopted FASB ASC 740-10 as of July 1, 2009, as required, and determined that its adoption did not have a material impact on the Institute's financial position and results of operations.

Management has evaluated significant tax positions of its consolidated for-profit subsidiaries against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the financial statements. Management does not believe its evaluation of tax positions will significantly change within twelve months of June 30, 2011. Any changes in tax positions will be recorded when the ultimate outcome becomes known. The Institute's income tax returns are subject to examination by taxing authorities generally for the years ended June 30, 2008, 2009 and 2010.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

MIDDLE EAST MEDIA AND RESEARCH INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

2. PROPERTY AND EQUIPMENT:

Major components and useful lives of property and equipment as of June 30, 2011 are as follows:

<u>Major components</u>	<u>Useful Life</u>	
Furniture and equipment	5 - 10 years	\$380,594
Accumulated depreciation		<u>291,892</u>
		<u>\$ 88,702</u>

3. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are due during the year ended June 30, 2011.

1. COMMITMENTS

The Institute signed a lease for its office space through May, 2013. Under the terms of the lease, monthly rental payments are currently \$14,853 per month plus pass-through expenses for taxes and operating expenses over base year amounts. In September 2007, the Institute leased additional office space under a lease agreement that expires May 31, 2013. Monthly rental payments are \$7,888 for the first year and increase every year as scheduled in the lease agreement.

The Institute entered into a sub-lease agreement with a tenant to rent the additional office space for monthly rentals equal to the amount charged under the lease agreement. The agreement was effective until January 31, 2011, at which time the subtenant vacated the premises..

Future minimum lease commitments for the two years ended June 30 are as follows:

2012	\$282,110
2013	\$273,170

MIDDLE EAST MEDIA AND RESEARCH INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

5. RELATED PARTY TRANSACTIONS

The Institute receives translation services from an affiliated organization which, in turn compensates the president of the Institute. The amount paid to the affiliate, net of the compensation to the president, was \$1,398,010 during the year ended June 30, 2011.

6. RETIREMENT PLAN

Effective January 1, 2005, the Institute adopted a 401(k) plan whereby all employees may participate and elect to defer part of their income. Employees who have completed two years of service are eligible to participate in employer contributions and are immediately vested in those contributions. Employer contributions are discretionary and are determined annually. For the year ended June 30, 2011, there were no retirement plan contributions.