

SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION

**Financial Statements
Years Ended December 31, 2016, 2015, and 2014
and
Independent Auditor's Report**

SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION

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and
Independent Auditor's Report**

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*Certified Public
Accountants*

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Syrian American Medical Society Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of the Syrian American Medical Society Foundation (an Illinois nonprofit organization), which comprise the statements of financial position as of December 31, 2016, 2015 and 2014, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

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 from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of the Syrian American Medical Society Foundation as of December 31, 2016, 2015 and 2014 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.


Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2017 on our consideration of the Syrian American Medical Society Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Syrian American Medical Foundation's internal control over financial reporting and compliance.


Willoughby Hills, Ohio
September 20, 2017

SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION

Statements of Financial Position

December 31, 2016, 2015 and 2014

ASSETS	2016	2015	2014
Cash - Huntington Bank	\$2,763,159.22	\$2,034,413.54	
Cash - Standard Bank	2,859,095.23	2,749,794.67	
Cash - BMO Harris	20,277.81	20,277.81	
Cash - Jordan Banks	659,891.91	569,304.91	
Cash - Turkey Banks	1,089,562.46	605,206.38	
Cash - Wells Fargo	19,789.92		
DC Office	123.91		
Undeposited Funds	647,784.63		
Cash - Chase 3402			\$19,179.83
Cash - Chase 6542			607,983.39
Cash - Chase 6962			1,381,708.73
Total cash	8,059,685.09	5,978,997.31	2,008,871.95
Marketable securities	60,443.91	40,677.90	30,865.00
Grants receivable	6,297,155.28	2,662,750.47	881,060.00
Medical student loans receivable	217,358.56	178,050.00	58,800.00
Miscellaneous receivables		255,442.16	26,999.42
Inventory	274,400.00	263,646.52	55,248.00
Prepaid expenses	24,473.18		6,616.00
Security Deposits	10,589.42	10,589.42	
Office furniture and equipment, net	5,151.32	7,332.32	9,513.32
TOTAL ASSETS	\$14,949,256.76	\$9,397,486.10	\$3,077,973.69
LIABILITIES			
Grant advances payable	\$872,494.59	\$558,734.14	\$234,632.00
Accounts payable	5,463.48	27,080.38	782.00
Accrued expenses	92,797.49	59,559.96	44,303.98
Inter-entty payable	5,943.52	88,723.54	52,801.58
Total liabilities	976,699.08	734,098.02	332,519.56
NET ASSETS			
Unrestricted	13,972,557.68	8,663,388.08	2,745,454.13
Temporarily restricted			
Permanently restricted			
Total net assets	13,972,557.68	8,663,388.08	2,745,454.13
TOTAL LIABILITIES AND NET ASSETS	\$14,949,256.76	\$9,397,486.10	\$3,077,973.69

The accompanying notes are an integral part of these financial statements

SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION

Statements of Activities

For the Years Ended December 31, 2016, 2015 and 2014

	2016	2015	2014
UNRESTRICTED NET ASSETS			
Support and other contributions			
Contributions	\$13,266,382.03	\$8,442,151.75	\$7,092,046.79
Grants	15,897,259.78	15,521,168.40	4,408,066.59
Donations in kind	13,587,249.06	2,740,289.81	2,811,232.00
Other income	923.46	961.43	
Total support and other contributions	42,751,814.33	26,704,571.39	14,311,345.38
Expenses			
Program services	36,137,278.24	19,946,005.94	12,193,758.04
Supporting services:			
Fundraising	734,590.76	481,505.09	490,985.82
Administrative and general	570,775.73	359,126.41	210,142.39
Total expenses	37,442,644.73	20,786,637.44	12,894,886.25
INCREASE IN UNRESTRICTED NET ASSETS	5,309,169.60	5,917,933.95	1,416,459.13
NET ASSETS at BEGINNING OF YEAR	8,663,388.08	2,745,454.13	1,328,995.00
NET ASSETS at END OF YEAR	\$13,972,557.68	\$8,663,388.08	\$2,745,454.13

The accompanying notes are an integral part of these financial statements

SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION

Statements of Cash Flows

For the Years Ended December 31, 2016, 2015, and 2014

	<u>2016</u>	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Increase in unrestricted net assets	\$5,309,069.60	\$5,917,933.95	\$1,416,459.13
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Depreciation	2,181.00	2,181.00	1319.64
Changes in operating assets and liabilities:			
Increase in marketable securities	(19,766.01)	(9,812.90)	(30,865.00)
Increase in grants receivable	(3,634,404.81)	(1,781,690.47)	(292,858.25)
Increase in medical student receivables	(39,308.56)	(119,250.00)	(11,500.00)
Decrease in miscellaneous receivables	255,442.16	(228,442.74)	(57,297.12)
Increase in inventory	(10,753.48)	(208,398.52)	(55,248.00)
Increase in other assets	(24,473.18)	(3,973.42)	(4,659.00)
Increase in liabilities	242,601.06	401,578.46	341,395.49
Net cash provided by operating activities	<u>2,080,587.78</u>	<u>3,970,125.36</u>	<u>1,306,746.89</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of furniture and computers			<u>(8,618.41)</u>
Net cash used by investing activities			<u>(8,618.41)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by financial activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,080,587.78	3,970,125.36	1,298,128.48
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,978,997.31</u>	<u>2,008,871.95</u>	<u>710,743.47</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$8,059,585.09</u></u>	<u><u>\$5,978,997.31</u></u>	<u><u>\$2,008,871.95</u></u>

The accompanying notes are an integral part of these financial statements

SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION

Schedule of Functional Expenses

For the Year Ended December 31, 2016

	Program Services	Supporting Services		2016 Total
		Fundraising	Administrative and General	
Program operations	\$21,144,851.33			\$ 21,144,851.33
Donations in kind	13,559,290.20			13,559,290.20
Medical equipment	273,453.39			273,453.39
Operating expenses	74,216.27	\$172,840.87	\$ 20,114.92	267,172.06
Storage and shipping	32,235.76			32,235.76
Contracted services	268,062.60	11,626.53	41,611.17	321,300.30
Accounting fees			25,152.24	25,152.24
Bank service charges			9,299.27	9,299.27
Credit card fees		153,391.87		153,391.87
Office rent and utilities	69,378.28		18,749.34	88,127.62
Business expenses other	39,103.61	5,130.79		44,234.40
Depreciation expense	210.00	200.00	1,771.00	2,181.00
Advertising	1,710.00	460.00	595.00	2,765.00
Marketing		57,356.64		57,356.64
Staff development	23,603.40		957.40	24,560.80
Information technology and software	48,649.76	23,691.55	55,118.15	127,459.46
Conference, convention, meeting	4,802.59	131,926.54	22,408.40	159,137.53
Travel	146,324.65	14,149.38	24,939.64	185,413.67
Meals and entertainment		6,092.76		6,092.76
Wages	415,933.46	145,405.79	316,854.43	878,193.68
Payroll taxes	35,452.94	12,318.04	33,204.77	80,975.75
Totals	\$36,137,278.24	\$ 734,590.76	\$ 570,775.73	\$ 37,442,644.73

The accompanying notes are an integral part of these financial statements

SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION

Schedule of Functional Expenses

For the Year Ended December 31, 2015

	Program Services	Supporting Services		2015 Total
		Fundraising	Administrative and General	
Program operations	\$16,351,780.30			\$ 16,351,780.30
Donations in kind	2,466,830.39			2,466,830.39
Medical equipment	545,619.12			545,619.12
Operating expenses	88,105.62	\$105,842.22	\$ 51,920.29	245,868.13
Storage and shipping	31,318.06			31,318.06
Contracted services	34,468.75	18,887.50	115,601.75	168,958.00
Accounting fees			17,796.21	17,796.21
Bank service charges			6,730.50	6,730.50
Credit card fees		85,661.39		85,661.39
Office rent and utilities	42,575.89		18,605.48	61,181.37
Business expenses other			3,785.50	3,785.50
Depreciation expense	210.00	200.00	1,771.00	2,181.00
Advertising	565.00	1,479.00	240.00	2,284.00
Marketing		90,335.65		90,335.65
Staff development	90.00	1,178.73	9,640.88	10,909.61
Information technology and software	15,961.85	11,518.10	5,581.00	33,060.95
Conference, convention, meeting	14,881.00	34,278.64		49,159.64
Travel reimbursement	83,594.31	26,575.74		110,170.05
Meals and entertainment	2,229.04	3,695.37		5,924.41
Wages	249,867.15	94,595.31	119,284.16	463,746.62
Payroll taxes	17,909.46	7,257.44	8,169.64	33,336.54
Totals	\$19,946,005.94	\$ 481,505.09	\$ 359,126.41	\$ 20,786,637.44

The accompanying notes are an integral part of these financial statements

SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION

Schedule of Functional Expenses

For the Year Ended December 31, 2014

	<u>Program Services</u>	<u>Supporting Services</u>		<u>2014 Total</u>
		<u>Fundraising</u>	<u>Administrative and General</u>	
Program operations	\$8,558,912.77			\$ 8,558,912.77
Donations in kind	2,725,119.00			2,725,119.00
Medical equipment	424,776.30			424,776.30
Operating expenses	13,884.65	\$78,439.51	\$ 39,544.15	131,868.31
Storage and shipping	51,110.68			51,110.68
Contracted services	91,475.00	55,721.32	61,237.69	208,434.01
Accounting fees			19,205.07	19,205.07
Bank service charges			5,750.60	5,750.60
Credit card fees		60,645.17		60,645.17
Office rent and utilities	25,550.00		14,727.02	40,277.02
Business expenses other			21,123.00	21,123.00
Depreciation expense	100.00		1,220.00	1,320.00
Advertising		80.00	1,074.00	1,154.00
Marketing		138,241.57		138,241.57
Staff development		1,824.07		1,824.07
Information technology and software	9,137.99	36,941.99		46,079.98
Conference, convention, meeting	40,666.73	31,009.27		71,676.00
Travel reimbursement	55,006.11	18,729.29		73,735.40
Meals and entertainment	1,361.50	25,791.83		27,153.33
Wages	183,960.28	39,917.75	39,252.73	263,130.76
Payroll taxes	12,697.03	3,644.05	7,008.13	23,349.21
Totals	<u>\$12,193,758.04</u>	<u>\$ 490,985.82</u>	<u>\$ 210,142.39</u>	<u>\$ 12,894,886.25</u>

The accompanying notes are an integral part of these financial statements

SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION
Notes to Financial Statements
For the Years Ended December 31, 2016, 2015 and 2014

DESCRIPTION AND PURPOSE OF THE FOUNDATION

The Syrian American Medical Society Foundation (The Foundation) is a non-profit, non-political, educational and humanitarian organization established in 2005. The mission statement of The Foundation is to encourage and provide medical aid to needy patients of Syrian descent, to provide medical relief to injured Syrians in Syria and the neighboring countries of Jordan and Turkey, to organize donations of medicine and medical supplies to poor families, and to provide assistance and loans to medical students and interns of Syrian descent . The Foundation is responsible for expenditures for specific charitable purposes.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of The Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets are assets on which no restrictions have been placed or that arise from the general operations of The Foundation.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are assets of which the use is restricted by donors or grantors for a specific time period or purpose. Temporarily restricted gifts, grants, and bequests are recorded as an addition to temporarily restricted net assets in the period received. Assets restricted by donors or grantors for specific operating purposes are reported in unrestricted revenue, gains, and other support to the extent expended with the period. Permanently restricted net assets consist of amounts held in perpetuity.

When a donor restriction expires, that is, when a stipulated time restriction ends or program restriction is accomplished, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give cash and other assets to The Foundation are reported as temporarily restricted contributions at their net realizable value at the date the promise is received on the statement of activities. Conditional promises to give and indications of intentions to give are reported at fair value at the date assets are received.

SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION
Notes to Financial Statements (continued)
For the Years Ended December 31, 2016 2015 and 2014

Income Taxes

The Foundation was established under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has ruled that the charitable corporation, Syrian American Medical Society Foundation, is a tax-exempt organization which is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and classified as other than a private foundation.

The Foundation's Form 990, Return of Organization Exempt from Income Tax, for the years after 2013, are subject to review by various federal, state, and local governmental taxing authorities, generally for three years after they were filed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments which potentially expose The Foundation to concentrations of credit risk include cash and cash equivalents and investments. As a matter of policy, The Foundation only maintains cash balances with financial institutions having a high credit quality.

At various times during the year, the cash in bank balances may have exceeded the federally insured limits. As scheduled, the unlimited insurance coverage for noninterest-bearing transaction accounts provided under the Dodd-Frank Wall Street Reform and Consumer Protection Act expired on December 31, 2012. Deposits held in noninterest-bearing transaction accounts are now aggregated with any interest-bearing deposits The Foundation may hold in the same ownership category, and the combined total insured up to at least \$250,000. At December 31, 2016, the maximum potential loss was \$7,519,617 in excess of the insured limit.

Credit risk with respect to contributions and grants receivable is limited due to the number and credit worthiness of the foundations, corporations, individuals, and governmental agencies that comprise the contributor base.

Government grants to a required separate bank account totaled \$15,897,259 (37% of total support) in 2016, \$15,521,168 (58% of total support) in 2015, and \$4,408,067 (31% of total support) in 2014; the nature of the grants is directly related to the continuing war-zone medical needs in Syria and neighboring countries.

SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION
Notes to Financial Statements (continued)
For the Years Ended December 31, 2016, 2015 and 2014

Office Furniture, Equipment and Depreciation

Office furniture and equipment are stated at cost, and depreciation is provided by charges to appropriate expense categories using the straight line method over the estimated useful lives of five years. Expenditures for maintenance, repairs, minor renewals and betterments which do not improve or extend the useful life of the respective asset are expensed. All other expenditures for renewals and betterments are capitalized. The assets and related depreciation accounts are adjusted for property retirements and disposals with the resulting gain or loss included in income. Fully depreciated assets remain in the accounts until retired from service. At year end, cost was \$10,910, less accumulated depreciation of \$5,758. Depreciation for the years ended December 31, 2016, 2015, and 2014 is \$2,181, \$2,181, and \$1,320, respectively.

Shipping and Handling Costs

Shipping and handling costs are expensed as incurred and are charged to program costs for the delivery of medical supplies and equipment to the field hospitals in Syria, Jordan and Turkey.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with original maturities of three months or less to be cash and cash equivalents. Amounts limited to use by the board of directors or other arrangements are excluded.

CONTRIBUTIONS AND DONATIONS

The Foundation receives contributions from various sources, including grants from governmental agencies and pass-through organizations. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. If a contribution is received in the current year with a donor-imposed restriction that is satisfied within the current year, the contribution is recorded as unrestricted. Donor contributions and grants received are recorded on the statement of activities.

Donations in kind of medical supplies valued at \$13,570,044 in 2016, \$2,730,477 in 2015, and \$2,780,367 in 2014 were recorded both as support revenue and program expense upon the export shipments to Jordan and Turkey to assist in the humanitarian work and care being provided to injured and displaced Syrian refugees. At December 31, 2016, \$274,400 was recorded as shipments of inventory for exports of medical supplies that was not completed until 2017.

SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION
Notes to Financial Statements (concluded)
For the Years Ended December 31, 2016, 2015 and 2014

No amounts have been reflected in the financial statements for donated services which are only recognized if they create non-financial assets, or require special skills, such as those services provided by accountants or lawyers, and are provided by those possessing such skills.

GRANTS AND LOANS RECEIVABLE

Grants receivable of \$6,297,155, \$2,662,750, and \$881,060 represent program expenditures incurred and submitted for approval, in excess of the receipt of funds from the grantor organizations as of the end of 2016, 2015, and 2014, respectively. Grant advances payable of \$872,495 represent grants received in excess of approved program expenditures incurred at the end of 2016.

Medical student loan receivables of \$217,359 represent the remaining balance due on small loans made to many medical students. The original loans ranged from \$1,000 to \$4,000 each, and installment payments are recorded as received. All of the loans are considered fully collectible.

RELATED PARTY TRANSACTIONS

The Syrian American Medical Society (SAMS) established The Foundation as a separate charitable corporation, and selected members and staff of SAMS provide services to The Foundation. SAMS charged The Foundation \$53,818 in 2016, \$35,597 in 2015, and \$122,127 in 2014 for time and expenses incurred by SAMS' staff for the charitable operations, and other activities between SAMS and The Foundation, of which \$5,944 was unpaid at the end of 2016, \$88,724 was unpaid at the end of 2015, and \$52,802 at the end of 2014.

SUBSEQUENT EVENTS

In preparing these financial statements, The Foundation evaluated subsequent events and transactions for potential recognition or disclosure through the time financial statements were available to be issued on September 20, 2017. In compliance with applicable accounting standards, all material subsequent events have been either recognized in the financial statements or disclosed in the notes to the financial statements.

*Certified Public
Accountants*

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of
Syrian American Medical Society Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Syrian American Medical Society Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016 and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Syrian American Medical Society Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Syrian American Medical Society Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Syrian American Medical Society Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Syrian American Medical Society Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Willoughby Hills, Ohio
September 20, 2017

SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION

Schedule of Expenditures of Federal Awards by Sub-Grantee

For the Year Ended December 31, 2016

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>	
U.S. Agency for International Development:				
Pass-through programs from:				
<u>USAID Foreign Assistance for Programs Overseas:</u>				
<u>International Medical Corps:</u>				
26	Assistance to Conflict-Affected Populations in Syria	98.001	AID-OFDA-A-15-00027	\$2,991,278
37	Medical Support to Conflict-Affected Populations in Southern Syria	98.001	AID-OFDA-A-15-00042	\$787,684
<u>International Rescue Committee:</u>				
27	Lifesaving and Emergency Aid for Displaced Syrians (IRC LEADS)	98.001	AID-OFDA-A-15-00054	\$2,910,022
29	Humanitarian Assistance for those affected by the Syrian Conflict in Syria, Lebanon and Jordan	98.001	DFID 204520	\$764,454
30	Trauma/PHC Daraa/Ghouta in Jordan	98.001	AID-OFDA-A-13-00020	\$383,045
31	Food Kits in Daraa and Quneitra	98.001	EMOP-NO-200339	\$37,035
32	Primary Health Care & Psychosocial (east Ghouta)	98.001	AID-OFDA-A-13-00018	\$1,611,836
34 JORDAN	Humanitarian Assistance for those affected by the Syrian Conflict in Syria, Lebanon and Jordan	98.001	DFID 204520	\$1,267,403
34 TURKEY	Humanitarian Assistance for those affected by the Syrian Conflict in Syria, Lebanon and Jordan	98.001	DFID 204520	\$527,518
35	Improve Primary Health Care Services in Dara & Reef Damascus & Provide Psychological Support in East Ghota	98.001	AID-OFDA-A-15-00056	\$59,772
Total expenditures of federal awards			\$11,340,047	

See accompanying notes to schedule of expenditures of federal awards.

SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedules) include the federal sub-grant activities of the Syrian American Medical Society Foundation under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Syrian American Medical Society Foundation, they are not intended to and do not present the financial position, changes in net assets, or cash flows of the Syrian American Medical Society Foundation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

SUB-RECIPIENTS

The Foundation did not provide any federal awards to sub-recipients.

*Certified Public
Accountants*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees of
Syrian American Medical Society Foundation

Report on Compliance for Each Major Federal Program

We have audited Syrian American Medical Society Foundation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended December 31, 2016. Syrian American Medical Society Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Syrian American Medical Society Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Syrian American Medical Society Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Syrian American Medical Society Foundation's compliance.



Opinion on Each Major Federal Program

In our opinion, Syrian American Medical Society Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

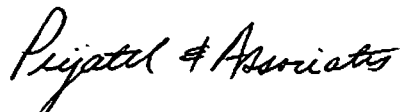
Report on Internal Control Over Compliance

Management of Syrian American Medical Society Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Syrian American Medical Society Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Syrian American Medical Society Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Willoughby Hills, Ohio
September 20, 2017