



**SAMS Foundation**

**SYRIAN AMERICAN MEDICAL SOCIETY  
FOUNDATION**

**Financial Statements and Supplemental Information**

*For the Year Ended December 31, 2017*



**and  
Report Thereon**



**SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION**

**TABLE OF CONTENTS**  
**For the Year Ended December 31, 2017**

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	<i><b>Page</b></i>
Independent Auditor's Report.....	1-2
Financial Statements	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6-12
Supplemental Information	
Schedule of Functional Expenses .....	13



*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the Syrian American Medical Society Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year 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. 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 position of the Syrian American Medical Society Foundation as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Continued**

## **Report on Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of functional expenses on page 13 is presented for purposes of additional analysis and is 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.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, DC  
December 19, 2018

**SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2017**

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**ASSETS**

Cash and cash equivalents	\$ 11,882,623
Investments	69,049
Grants and contributions receivable	2,278,654
Medical student loans receivable, net	193,267
Prepaid expenses and other assets	<u>27,163</u>

TOTAL ASSETS \$ 14,450,756

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$ 330,917
Accrued payroll liabilities	83,516
Refundable advances	2,753,685
Due to related party	<u>52,983</u>

TOTAL LIABILITIES 3,221,101

**Net Assets**

Unrestricted	10,477,356
Temporarily restricted	<u>752,299</u>

TOTAL NET ASSETS 11,229,655

TOTAL LIABILITIES AND NET ASSETS \$ 14,450,756

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

**SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2017**

	Unrestricted	Temporarily Restricted	Total
<b>OPERATING REVENUE AND SUPPORT</b>			
Grants and contributions	\$ 31,584,378	\$ 1,143,215	\$ 32,727,593
Donated goods and services	19,112,687	-	19,112,687
Investment and other income	4,384	-	4,384
Net assets released from restrictions:			
Satisfaction of purpose restrictions	390,916	(390,916)	-
	51,092,365	752,299	51,844,664
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>			
<b>OPERATING EXPENSES</b>			
Medical relief program	52,070,208	-	52,070,208
Supporting services:			
Management and general	877,623	-	877,623
Fundraising	1,170,736	-	1,170,736
	2,048,359	-	2,048,359
	54,118,567	-	54,118,567
<b>TOTAL OPERATING EXPENSES</b>			
Change in Net Assets from Operations	(3,026,202)	752,299	(2,273,903)
<b>NONOPERATING ACTIVITIES</b>			
Return of grant funds	(469,000)	-	(469,000)
<b>CHANGE IN NET ASSETS</b>	(3,495,202)	752,299	(2,742,903)
<b>NET ASSETS, BEGINNING OF YEAR</b>	13,972,558	-	13,972,558
<b>NET ASSETS, END OF YEAR</b>	\$ 10,477,356	\$ 752,299	\$ 11,229,655

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

**SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION**

**STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2017**

**Increase (Decrease) in Cash and Cash Equivalents**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (2,742,903)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,151
Provision for bad debt expense	50,000
Net realized and unrealized gains on investments	(817)
Changes in assets and liabilities:	
Grants and contributions receivable	4,666,286
Prepaid expenses and other assets	7,899
Inventory of medicine and medical supplies	274,400
Accounts payable	325,454
Accrued payroll liabilities	(9,281)
Refundable advances	1,881,190
Due to related party	47,039

**NET CASH PROVIDED BY OPERATING ACTIVITIES** 4,504,418

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of investments	(7,787)
Issuance of medical student loans	(72,858)
Repayment of medical student loans	46,950

**NET CASH USED IN INVESTING ACTIVITIES** (33,695)

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 4,470,723

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** 7,411,900

**CASH AND CASH EQUIVALENTS, END OF YEAR** \$ 11,882,623

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

# SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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### 1. Organization and Summary of Significant Accounting Policies

#### **Organization**

The Syrian American Medical Society Foundation (the Foundation) is a nonprofit, nonpolitical educational and humanitarian organization established in 2007. The mission of the Foundation is to be a global medical relief organization that is working on the front lines of crisis relief in Syria, in neighboring countries and beyond to save lives and alleviate suffering.

The Foundation proudly provides medical care and treatment to every patient in need. The Foundation also provides assistance and loans to medical students and interns of Syrian descent. The activities of the Foundation are mostly funded through grants and contributions and through donated goods and services.

#### **Basis of Accounting**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The financial statements are prepared using the accrual basis of accounting.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include highly liquid investments with initial maturities of three months or less. Cash and cash equivalents held for investment purposes are considered investments.

#### **Grants and Contributions Receivable**

Grants and contributions receivable represent program expenditures incurred and submitted for approval, in excess of the receipt of funds from the grantor organizations. Grants and contributions receivable that are expected to be collected within one year are recorded at net realizable value. Grants and contributions receivable that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. All grants and contributions receivable were collectible in less than one year and fully collectible as of December 31, 2017.

#### **Medical Student Loans Receivable**

Medical student loans receivable 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 they are received. The face amount of medical student loans receivable is reduced by an allowance for doubtful accounts. The allowance for doubtful accounts reflects the best estimate of probable losses, determined principally on the basis of historical experience and allowances for specifically identified delinquent accounts. All accounts, or portions thereof, that are deemed uncollectible, or that require an excessive collection cost, are written off to the allowance for doubtful accounts. The Foundation has recorded an allowance of \$50,000 as of December 31, 2017, on the outstanding receivables to allow for long-outstanding uncollectible loans.



# SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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### 1. Organization and Summary of Significant Accounting Policies (continued)

#### **Investments**

Investments consist of a mutual fund. Investments are recorded in the accompanying financial statements at their fair value, as based upon quoted market prices, as of December 31, 2017. Fair value is the price that would be received to sell an asset or paid to transfer a liability through an orderly transaction between market participants at the measurement date. Purchases and sales are reflected on a trade-date basis. Interest, dividends and realized and unrealized gains or losses are recorded when earned. Changes in the fair value of the portfolio are recorded as unrealized gains or losses. Donated investments are recorded as contributions based on their fair market value at the date of donation.

#### **Fair Value of Financial Instruments**

In accordance with the accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, the Foundation has categorized its applicable assets and liabilities measured at fair value into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Foundation has the ability to access.

*Level 2* – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

*Level 3* – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

As of and for the year ended December 31, 2017, only the Foundation's investments, as described in Note 2 to these financial statements, were measured at fair value on a recurring basis.

#### **Property and Equipment and Related Depreciation and Amortization**

Property and equipment are recorded at cost. Depreciation of furniture, fixtures, equipment and software is provided for on a straight-line basis over the estimated useful lives of the assets, which range from three to seven years. The cost of property and equipment retired or

**SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2017**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Property and Equipment and Related Depreciation and Amortization (continued)**

disposed of is removed from the accounts along with the related accumulated depreciation, and any gain or loss is reflected in income or expense in the accompanying statement of activities. Major additions are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. The Foundation did not have any capitalized property and equipment as of December 31, 2017.

**Net Assets**

The net assets of the Foundation are classified as follows:

- Unrestricted net assets represent funds that are available for support of the Foundation's operations, including amounts designated by the Board of Directors.
- Temporarily restricted net assets represent amounts that are subject to donor-imposed restrictions to be used for a particular purpose or within a specific time period.

**Revenue Recognition**

The Foundation receives contributions from various sources, including grants from governmental agencies and pass-through organizations. Grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of a restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions.

Grants and contracts treated as exchange transactions are recognized as costs are incurred on the basis of direct costs plus allowable indirect expenses. Revenue recognized on these grants and on grants for which billings have not been presented to, or collected from, the awarding agency is included in grants and contributions receivable in the accompanying statement of financial position. Amounts received in advance are recorded as refundable advances in the accompanying statement of financial position.

**Donated Goods and Services**

In-kind contributions are recognized both as revenue and support and expenses in the accompanying statement of activities at their estimated fair value as provided by the donor at the date of donation. In-kind contributions are predominantly medical supplies, equipment and services provided by doctors, nurses and other medical professionals.

**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.

Continued

**SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2017**

1. Organization and Summary of Significant Accounting Policies (continued)

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, costs have been allocated based upon the functions they directly support and benefit or upon management's estimates of the proportion of these costs applicable to each function.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Measure of Operations**

The Foundation considers the return of grant funds to be nonoperating in nature.

2. Investments

As of December 31, 2017, investments held by the Foundation consist of a fixed-income mutual fund with a fair value of \$69,049. Interest and dividends were \$1,567, and net realized and unrealized gains were \$817 for the year ended December 31, 2017.

The following table summarizes the Foundation's assets measured at fair value on a recurring basis, aggregated by type and fair value hierarchy level within which those measurements were made:

	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets:				
Mutual fund:				
Fixed income	\$ 69,049	\$ 69,049	\$ -	\$ -
Total Assets	<u>\$ 69,049</u>			

The Foundation used the following methods and significant assumptions to estimate fair value for assets and liabilities recorded at fair value:

*Mutual fund* – Value is based on quoted prices in active markets.

Continued

**SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2017**

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3. Temporarily Restricted Net Assets

Temporarily restricted net assets result from gifts of cash or other assets with donor-imposed restrictions. Temporarily restricted net assets are released from restrictions when amounts are expended for the purpose specified or upon expiration of time restrictions. Net assets were restricted for the following purposes as of December 31, 2017:

Relief efforts	\$ 412,436
Healthcare services	<u>339,863</u>
Total Temporarily Restricted Net Assets	<u>\$ 752,299</u>

4. 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 \$129,517 in 2017 for time and expenses incurred by SAMS's staff for the charitable operations, and other activities between SAMS and the Foundation, of which \$52,983 was unpaid at the end of 2017 and is recorded as due to a related party in the accompanying statement of financial position.

5. Commitments and Contingencies

**Office Leases**

The Organization entered into a lease for office space in Washington, D.C., which expires August 31, 2023. The lease requires monthly payments. Under GAAP, all rental payments are recognized on a straight-line basis over the term of the lease. The Foundation also leases office spaces in Jordan and Turkey for its field offices. The office space in Turkey is on a month-to-month basis whereas the Foundation entered into a three-year lease for two office spaces in Jordan effective November 1, 2017, at an annual rent of 33,000 Jordanian Dinars each equivalent to \$46,415. The following is a schedule, by year, of the future minimum rental payments under the operating lease:

2018	\$ 194,282
2019	198,718
2020	195,553
2021	161,579
2022	166,426
Thereafter	<u>114,279</u>
Total	<u>\$ 1,030,837</u>

Rent expense totaled \$290,243 for the year ended December 31, 2017.

Continued

**SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2017**

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5. Commitments and Contingencies (continued)

**Concentration of Credit Risk**

The Foundation maintains its cash and cash equivalents with certain commercial financial institutions, which aggregate balances may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of June 30, 2018, the balance exceeded the FDIC maximum insured limit by approximately \$9,164,000. The Foundation monitors the creditworthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents.

**Concentration of Revenue Risk**

The Foundation earned revenue totaling \$14,626,991 from contracts with various departments of the United Nations, which represents approximately 28% of the total operating revenue and support recognized by the Foundation for the year ended December 31, 2017. Receivables from these departments totaled \$766,594, which represents approximately 34% of the total grants and contributions receivable, as of December 31, 2017. If a significant reduction in the level of the funding from any of these departments should occur, it might have a significant effect on the Foundation's programs.

**Foreign Operations**

The Foundation has field offices in Turkey and Jordan for its programmatic purposes. The future results of the Foundation's programs could be adversely affected by a number of potential factors, such as changes in foreign banking laws or changes in the political climate of these countries. The Foundation maintains a majority of its cash in these foreign field offices in U.S. dollars. As of December 31, 2017, the cash in foreign field offices totaled \$2,385,883, which represents approximately 17% of the Foundation's total assets. The cash held in foreign field offices is held by foreign financial institutions and is not insured by FDIC.

6. Donated Goods and Services

During the year ended December 31, 2017, the Foundation recognized support in the form of in-kind goods and services as follows:

Donated medical equipment and supplies	\$ 10,070,337
Donated medical services	<u>9,042,350</u>
Total Donated Goods and Services	<u>\$ 19,112,687</u>

7. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Foundation is exempt from the payment of taxes on income other than net unrelated business income. No provision for income taxes is required for the year ended December 31, 2017, as the Foundation had no net unrelated business income.

Continued

**SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2017**

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7. Income Taxes (continued)

The Foundation has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in Financial Accounting Standards Board Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Foundation evaluated its uncertainty in income taxes for the year ended December 31, 2017, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2017, the statute of limitations for tax years 2014 through 2016 remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Foundation files tax returns. It is the Foundation's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax expense.

8. Subsequent Events

In preparing these financial statements, the Foundation has evaluated, for potential recognition or disclosure, events and transactions through December 19, 2018, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

**SUPPLEMENTAL INFORMATION**

**SYRIAN AMERICAN MEDICAL SOCIETY FOUNDATION**

**SCHEDULE OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2017**

	Medical Relief Program	Supporting Services		Total
		Administrative and General	Fundraising	
Donated goods and services	\$ 20,225,252	\$ -	\$ -	\$ 20,225,252
Salaries, wages and benefits	16,530,135	509,316	309,606	17,349,057
Assistance in foreign operations	10,460,642	-	-	10,460,642
Operating expenses	931,610	134,223	195,136	1,260,969
Fuel	1,092,407	-	-	1,092,407
Medical equipment	968,700	-	-	968,700
Office rent and utilities	650,497	4,101	9,546	664,144
Travel and entertainment	418,761	7,946	71,822	498,529
Contracted services	311,431	3,016	80,173	394,620
Professional services	135,774	71,898	2,044	209,716
Advertising	139,924	4,590	40,063	184,577
Conference, convention and meetings	9,471	-	170,883	180,354
Bank service charges	86	13,140	148,741	161,967
Information, technology and software	44,841	74,016	36,487	155,344
Storage and shipping	36,316	226	106,235	142,777
Equipment	114,361	5,151	-	119,512
Bad debt expense	-	50,000	-	50,000
<b>TOTAL EXPENSES</b>	<b>\$ 52,070,208</b>	<b>\$ 877,623</b>	<b>\$ 1,170,736</b>	<b>\$ 54,118,567</b>