

Syrian American Medical Society Foundation

Financial Statements
Including Uniform Guidance Reports
and Independent Auditor's Report

December 31, 2021 and 2020 (As Restated)

Syrian American Medical Society Foundation

Financial Statements
December 31, 2021 and 2020 (As Restated)

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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors of
Syrian American Medical Society Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Syrian American Medical Society Foundation (“the Foundation”), which comprise the statements of financial position as of December 31, 2021 and 2020; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the Foundation has restated its 2020 financial statements during the current year. Our opinion is not modified with respect to this matter.

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 the Foundation'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 GAAS and *Government 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 GAAS and *Government 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 the Foundation'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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

Supplementary and 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 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 accompanying supplementary 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 July 19, 2022, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's 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 Foundation's internal control over financial reporting and compliance.



Vienna, Virginia
July 19, 2022

Syrian American Medical Society Foundation

Statements of Financial Position December 31, 2021 and 2020 (As Restated)

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 11,795,549	\$ 13,587,239
Investments	1,713,131	1,272,743
Grants and contributions receivable	6,419,834	1,558,384
Medical student loans receivable	109,866	143,266
Prepaid expenses and other assets	604,115	295,502
Property and equipment, net	28,142	53,277
	<u>20,670,637</u>	<u>16,910,411</u>
Total assets	<u>\$ 20,670,637</u>	<u>\$ 16,910,411</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 3,093,266	\$ 2,679,592
Refundable advances	2,221,956	1,529,442
Deferred rent	48,173	70,346
	<u>5,363,395</u>	<u>4,279,380</u>
Total liabilities	<u>5,363,395</u>	<u>4,279,380</u>
Net Assets		
Without donor restrictions	14,037,513	11,785,472
With donor restrictions	1,269,729	845,559
	<u>15,307,242</u>	<u>12,631,031</u>
Total net assets	<u>15,307,242</u>	<u>12,631,031</u>
Total liabilities and net assets	<u>\$ 20,670,637</u>	<u>\$ 16,910,411</u>

See accompanying notes.

Syrian American Medical Society Foundation

Statement of Activities For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 30,213,795	\$ 7,834,057	\$ 38,047,852
In-kind contributions	4,437,908	-	4,437,908
Investment return, net	177,298	-	177,298
Released from restrictions	7,409,887	(7,409,887)	-
Total revenue and support	<u>42,238,888</u>	<u>424,170</u>	<u>42,663,058</u>
Expenses			
Program services:			
Medical relief program	<u>38,114,088</u>	<u>-</u>	<u>38,114,088</u>
Total program services	<u>38,114,088</u>	<u>-</u>	<u>38,114,088</u>
Supporting services:			
Management and general	929,999	-	929,999
Fundraising	<u>942,760</u>	<u>-</u>	<u>942,760</u>
Total supporting services	<u>1,872,759</u>	<u>-</u>	<u>1,872,759</u>
Total expenses	<u>39,986,847</u>	<u>-</u>	<u>39,986,847</u>
Change in Net Assets	2,252,041	424,170	2,676,211
Net Assets , beginning of year, as restated	<u>11,785,472</u>	<u>845,559</u>	<u>12,631,031</u>
Net Assets , end of year	<u><u>\$ 14,037,513</u></u>	<u><u>\$ 1,269,729</u></u>	<u><u>\$ 15,307,242</u></u>

See accompanying notes.

Syrian American Medical Society Foundation

Statement of Activities For the Year Ended December 31, 2020 (As Restated)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 35,097,293	\$ 2,845,794	\$ 37,943,087
In-kind contributions	4,691,552	-	4,691,552
Investment return, net	11,291	-	11,291
Other revenue	328,748	-	328,748
Released from restrictions	2,217,270	(2,217,270)	-
Total revenue and support	<u>42,346,154</u>	<u>628,524</u>	<u>42,974,678</u>
Expenses			
Program services:			
Medical relief program	37,972,640	-	37,972,640
Total program services	<u>37,972,640</u>	<u>-</u>	<u>37,972,640</u>
Supporting services:			
Management and general	689,203	-	689,203
Fundraising	828,466	-	828,466
Total supporting services	<u>1,517,669</u>	<u>-</u>	<u>1,517,669</u>
Total expenses	<u>39,490,309</u>	<u>-</u>	<u>39,490,309</u>
Change in Net Assets	2,855,845	628,524	3,484,369
Net Assets, beginning of year	<u>8,929,627</u>	<u>217,035</u>	<u>9,146,662</u>
Net Assets, end of year, as restated	<u><u>\$ 11,785,472</u></u>	<u><u>\$ 845,559</u></u>	<u><u>\$ 12,631,031</u></u>

See accompanying notes.

Syrian American Medical Society Foundation

Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services	Supporting Services			Total Expenses
	Medical Relief Program	Management and General	Fundraising	Total Supporting Services	
Salaries, wages, and benefits	\$ 19,424,326	\$ 415,390	\$ 297,529	\$ 712,919	\$ 20,137,245
Assistance in foreign operations	2,664,308	-	-	-	2,664,308
Medical equipment, supplies, and services	8,083,392	-	-	-	8,083,392
Fuel	1,400,471	-	-	-	1,400,471
Office expenses	787,347	21,372	85,801	107,173	894,520
Travel and entertainment	334,281	252,998	21,353	274,351	608,632
Office rent, utilities, and maintenance	1,783,079	10,948	6,467	17,415	1,800,494
Contracted services	683,896	133,507	41,486	174,993	858,889
Postage and printing	12,591	316	313,525	313,841	326,432
Advertising	28,020	2,511	57,603	60,114	88,134
Conference, convention, and meetings	7,531	1,114	65,355	66,469	74,000
Equipment	1,884,977	-	-	-	1,884,977
Scholarships, dues, subscription, and membership	278,064	357	5,084	5,441	283,505
Storage and shipping	7,773	-	-	-	7,773
Information, technology, and software	734,032	91,486	48,557	140,043	874,075
Total Expenses	\$ 38,114,088	\$ 929,999	\$ 942,760	\$ 1,872,759	\$ 39,986,847

See accompanying notes.

Syrian American Medical Society Foundation

Statement of Functional Expenses
For the Year Ended December 31, 2020 (As Restated)

	Program Services	Supporting Services			Total Expenses
	Medical Relief Program	Management and General	Fundraising	Total Supporting Services	
Salaries, wages, and benefits	\$ 17,761,086	\$ 507,376	\$ 322,190	\$ 829,566	\$ 18,590,652
Assistance in foreign operations	1,475,623	-	-	-	1,475,623
Medical equipment, supplies, and services	13,996,384	-	-	-	13,996,384
Fuel	1,024,471	-	-	-	1,024,471
Office expenses	736,215	132	575	707	736,922
Travel and entertainment	413,554	1,762	16,788	18,550	432,104
Office rent, utilities, and maintenance	1,251,384	3,276	5,402	8,678	1,260,062
Contracted services	610,116	92,238	76,621	168,859	778,975
Postage and printing	12,458	49	287,264	287,313	299,771
Advertising	19,202	1,140	53,934	55,074	74,276
Conference, convention, and meetings	54,687	-	26,287	26,287	80,974
Equipment	264,402	13,490	-	13,490	277,892
Scholarships, dues, subscription, and membership	160,003	573	4,373	4,946	164,949
Storage and shipping	15,337	-	-	-	15,337
Information, technology, and software	177,718	69,167	35,032	104,199	281,917
Total Expenses	\$ 37,972,640	\$ 689,203	\$ 828,466	\$ 1,517,669	\$ 39,490,309

See accompanying notes.

Syrian American Medical Society Foundation

Statements of Cash Flows For the Years Ended December 31, 2021 and 2020 (As Restated)

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 2,676,211	\$ 4,218,121
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	26,386	31,778
Loss on disposal of assets	-	10,861
Realized and unrealized return on investments	(166,651)	(5,151)
Donated stocks	(264,007)	(33,345)
Forgiveness of Paycheck Protection Program loan	-	(324,000)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants and contributions receivable	(4,861,450)	(1,536,754)
Medical student loans receivable	33,400	66,851
Prepaid expenses and other assets	(308,613)	44,455
Increase (decrease) in:		
Accounts payable and accrued expenses	413,674	1,708,841
Refundable advances	692,514	1,346,761
Deferred rent	(22,173)	(17,546)
Net cash (used in) provided by operating activities	(1,780,709)	5,510,872
Cash Flows from Investing Activities		
Purchases of investments	(741,760)	(1,974,099)
Proceeds from sales of investments	732,030	1,983,611
Purchases of property and equipment	(1,251)	(3,792)
Net cash (used in) provided by investing activities	(10,981)	5,720
Cash Flows from Financing Activity		
Proceeds from Paycheck Protection Program loan	-	324,000
Net cash provided by financing activity	-	324,000
Net (Decrease) Increase in Cash and Cash Equivalents	(1,791,690)	5,840,592
Cash and Cash Equivalents, beginning of year	13,587,239	7,746,647
Cash and Cash Equivalents, end of year	\$ 11,795,549	\$ 13,587,239

See accompanying notes.

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2021 and 2020 (As Restated)

1. Nature of Operations

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. The Foundation has foreign field offices in Syria, Jordan, Lebanon, and Turkey.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Foundation’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. The Foundation reports grants and contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash Equivalents

The Foundation considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase. Excluded from this definition of cash equivalents are amounts held for investments.

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2021 and 2020 (As Restated)

2. Summary of Significant Accounting Policies (continued)

Investments

Investments are recorded at fair value based on quoted market prices. Donated securities are recorded at fair value on the date the securities are received. Realized and unrealized gains and losses, net of investment management fees, are reported as a component of net investment return in the accompanying statements of activities. Money market and short-term investment funds, held as a portion of the Foundation's investment portfolio, are not considered to be cash equivalents for purposes of cash flows.

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, 2021 and 2020.

Medical Student Loans Receivable

Medical student loans receivable represents 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. At December 31, 2021 and 2020, management deems all medical student loans receivable to be fully collectible, and no allowance for uncollectible accounts was established.

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2021 and 2020 (As Restated)

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment acquisitions with a cost in excess of \$500 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the individual assets, which range from three to five years. Leasehold improvements are stated at cost and are amortized using the straight-line method over the shorter of their estimated useful lives or the term of the lease. Repairs and maintenance costs are expensed as incurred.

Refundable Advances

Grant receipts that are in excess of matching grant expenses for the year are recognized as refundable advances in the accompanying statements of financial position.

Revenue Recognition

The Foundation recognizes grants and contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. The Foundation reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of the Foundation's programs or to a future year.

A portion of the Foundation's revenue is derived from cost-reimbursable government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific grant provisions plus allowable indirect costs. 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 statements of financial position. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

Revenue from all other sources is recognized when earned.

Advertising Costs

Advertising costs are expensed as incurred.

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2021 and 2020 (As Restated)

2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions

The value of contributions that enhance a nonfinancial asset, which are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying statements of activities as in-kind contributions. In-kind contributions consist of medical supplies, and equipment and services provided by doctors, nurses, and other medical professionals that benefit both program and supporting services. In-kind contributions are recognized as revenue and expense in the accompanying statements of activities at their estimated fair value, as provided by the donor, at the date of receipt.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation. These reclassifications have no effect on the change in net assets previously reported.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective in 2022. Management continues to evaluate the potential impact of this update on the Foundation's financial statements.

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2021 and 2020 (As Restated)

2. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements (continued)

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statements of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective in 2022 and is not expected to have a significant impact on the Foundation's financial statements.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through July 19, 2022, the date the financial statements were available to be issued.

3. Prior Period Adjustment

The unrestricted net assets in the accompanying financial statements as of December 31, 2020 have been restated. During 2021, management identified expenses relating to foreign field office transactions that were incurred in 2020 but were not accrued. The result of the restatement increased expenses by \$733,752, with a corresponding increase to accounts payable.

4. Liquidity and Availability

The Foundation regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds.

The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, and investments, which are available for general expenditures, liabilities, and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Foundation throughout the year. This is done through monitoring and reviewing the Foundation's cash flow needs on a weekly basis.

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2021 and 2020 (As Restated)

4. Liquidity and Availability (continued)

As a result, management is aware of the cyclical nature of the Foundation's cash flow related to the Foundation's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in publicly-traded investment vehicles, including mutual funds and equity securities, or to support organizational initiatives. The Foundation can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31:

	2021	2020
Cash and cash equivalents	\$ 11,795,549	\$ 13,587,239
Investments	1,713,131	1,272,743
Grants and contributions receivable	6,419,834	1,558,384
Medical student loans receivable	109,866	143,266
Total financial assets	20,038,380	16,561,632
Less: restricted by donors with purpose and time restrictions	(1,269,729)	(845,559)
Total available for general expenditures	<u>\$ 18,768,651</u>	<u>\$ 15,716,073</u>

5. Concentrations of Risks

Credit Risk

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist of cash and cash equivalents, and investments. The Foundation maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Foundation has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2021 and 2020 (As Restated)

5. Concentrations of Risks (continued)

Revenue Risk

During both years ended December 31, 2021 and 2020, approximately 46% of the Foundation's revenue and support were derived from cooperative and grant agreements with federal government agencies. Any significant reduction in revenue and support may adversely impact the Foundation's financial position and operations.

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, 2021, the cash in foreign field offices totaled \$1,932,474, which represents approximately 9% 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.

As of December 31, 2020, the cash in foreign field offices totaled \$1,224,473, which represents approximately 7% 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. Investments and Fair Value Measurements

The Foundation follows FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2021 and 2020 (As Restated)

6. Investments and Fair Value Measurements (continued)

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Foundation recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, the Foundation uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

The following table presents the Foundation's fair value hierarchy for those investments measured on a recurring basis at December 31, 2021:

	Level 1	Level 2	Level 3	Total
Equities	\$ 553,968	\$ -	\$ -	\$ 553,968
Mutual funds	666,527	-	-	666,527
ETFs	416,400	-	-	416,400
Money market funds	76,236	-	-	76,236
Total investments	\$ 1,713,131	\$ -	\$ -	\$ 1,713,131

The following table presents the Foundation's fair value hierarchy for those investments measured on a recurring basis at December 31, 2020:

	Level 1	Level 2	Level 3	Total
Equities	\$ 530,669	\$ -	\$ -	\$ 530,669
Mutual funds	134,492	-	-	134,492
ETFs	554,556	-	-	554,556
Money market funds	53,026	-	-	53,026
Total investments	\$ 1,272,743	\$ -	\$ -	\$ 1,272,743

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2021 and 2020 (As Restated)

6. Investments and Fair Value Measurements (continued)

Net investment return consists of the following for the years ended December 31:

	2021	2020
Interest and dividends	\$ 25,278	\$ 17,511
Realized and unrealized return	166,651	5,151
Less: investment management fees	(14,631)	(11,371)
Total investment return, net	\$ 177,298	\$ 11,291

7. Property and Equipment

Property and equipment consists of the following at December 31:

	2021	2020
Furniture and fixtures	\$ 45,637	\$ 45,637
Office equipment	75,605	74,356
Leasehold improvements	107,560	107,560
Total property and equipment	228,802	227,553
Less: accumulated depreciation and amortization	(200,660)	(174,276)
Property and equipment, net	\$ 28,142	\$ 53,277

8. Net Assets

Net assets with donor restrictions were restricted for the following at December 31:

	2021	2020
Program restricted:		
Relief efforts	\$ 1,269,729	\$ 798,036
COVID-19 Mitigation Programs	-	47,523
Total net assets with donor restrictions	\$ 1,269,729	\$ 845,559

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2021 and 2020 (As Restated)

9. Paycheck Protection Program Loan

The Foundation applied for a loan under the Paycheck Protection Program (PPP) pursuant to Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll through the COVID-19 pandemic, for which the Foundation qualified. After the loans are granted, the Small Business Administration (SBA) will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses (which primarily consist of payroll costs, costs used to continue group healthcare benefits, rent, and utilities).

The PPP loan was granted to the Foundation on April 21, 2020 in the amount of \$324,000. During the covered period, the Foundation incurred qualifying expenditures and applied for forgiveness of the full amount of the PPP loan. The PPP loan was fully forgiven by the SBA on November 24, 2020, and the related amount was recognized as other revenue in the accompanying statement of activities for the year ended December 31, 2020.

10. Commitments and Contingencies

Operating Leases

The Foundation maintains an operating lease for office space in Washington, D.C., which expires on August 31, 2023. The terms of the lease contain provisions for a free rent period and an annual rental increase of 3% of the base rent. The unamortized portion of the cumulative difference between the actual rent paid and the straight-line rent is reflected as deferred rent in the accompanying statements of financial position

The Foundation also leases office spaces, warehouses and storage units in its foreign field offices.

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 Foundation also leases warehouses and storage units in its foreign field offices.

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2021 and 2020 (As Restated)

10. Commitments and Contingencies (continued)

Operating Leases (continued)

Rent expense under the operating lease agreements totaled \$734,345 and \$654,670 for the years ended December 31, 2021 and 2020, respectively.

Future minimum lease payments under all operating leases are as follows for the years ending December 31:

2022	\$	163,644
2023		<u>112,369</u>
Total	\$	<u><u>276,013</u></u>

Federal Cooperative and Grant Agreements

Funds received from federal government agencies are subject to audit under the provisions of these cooperative and grant agreements. The ultimate determination of amounts received under these cooperative and grant agreements is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such cooperative and grant agreements are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

11. Related Party Transactions

The Syrian American Medical Society (SAMS) established the Foundation as a separate charitable corporation. SAMS has an agreement with the Foundation, whereby the Foundation provides support to SAMS in recognition of SAMS's efforts and contribution toward the costs of conferences. However, during the years ended December 31, 2021 and 2020, the Foundation did not provide any contributions to SAMS for those activities.

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2021 and 2020 (As Restated)

12. In-Kind Contributions

The Foundation received the following donated goods and services, which have been reflected as in-kind contributions in the accompanying statements of activities for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Donated medical equipment and supplies	\$ 3,731,551	\$ 4,103,827
Donated medical services	442,350	554,380
Donated stocks	<u>264,007</u>	<u>33,345</u>
Total in-kind contributions	<u>\$ 4,437,908</u>	<u>\$ 4,691,552</u>

13. Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All costs incurred directly for a certain function or program are coded directly and split among those activities. The expenses that are allocated include occupancy, insurance, office supplies, utilities, depreciation and amortization, salaries and wages, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort.

14. Income Taxes

The Foundation is exempt from payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code (IRC). For the years ended December 31, 2021 and 2020, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Contributions to the Foundation are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has evaluated the Foundation's tax positions and concluded that the Foundation's financial statements do not include any uncertain tax positions.

**SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED
BY THE UNIFORM GUIDANCE**

**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 Directors 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 (“the Foundation”), which comprise the statement of financial position as of December 31, 2021; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements, and have issued our report thereon dated July 19, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation’s internal control over financial reporting (“internal control”) as a basis for designing 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 the Foundation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Report on Internal Control over Financial Reporting (continued)

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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
July 19, 2022

**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 Directors of
Syrian American Medical Society Foundation

Report on Compliance for the Major Federal Program

Opinion on Each Major Federal Program

We have audited Syrian American Medical Society Foundation’s (“the Foundation”) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Foundation’s major federal program for the year ended December 31, 2021. The Foundation’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2021.

Basis for Opinion on Each Major Federal Program

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”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
July 19, 2022

Syrian American Medical Society Foundation

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Agency or Pass- Through Grant Number	Amount Paid to Subrecipients	Total Federal Expenditures
<u>U.S. Agency for International Development (USAID)</u>				
<i>Pass-through Awards from World Vision, Inc.:</i>				
USAID Foreign Assistance for Programs Overseas	98.001	720FDA20CA00037-SAMS	\$ -	\$ 2,128,992
USAID Foreign Assistance for Programs Overseas	98.001	720BHA21GR00359-SAMS	-	1,000,314
<i>Pass-through Award from Relief International, Inc.:</i>				
USAID Foreign Assistance for Programs Overseas	98.001	RI-0394-01	-	10,990,845
USAID Foreign Assistance for Programs Overseas	98.001	RI-0394-02	-	1,935,115
Total ALN 98.001			-	16,055,266
Total U.S. Agency for International Development awards			-	16,055,266
<u>U.S. Department of State</u>				
Overseas Refugee Assistance Program for Near East and South Asia	19.519	SPRMC020CA0139	548,090	2,225,514
International Programs to Support Democracy, Human Rights and Labor	19.345	SLMAQM20GR2422	245,962	835,041
Investing in People in The Middle East and North Africa	19.021	SSY40019CA0008	260,747	479,844
Total U.S. Department of State awards			1,054,799	3,540,399
Total Expenditures of Federal Awards			\$ 1,054,799	\$ 19,595,665

See accompanying notes to the schedule of expenditures of federal awards.

Syrian American Medical Society Foundation

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Foundation under the programs of the federal government for the year ended December 31, 2021. The information in the SEFA is presented in accordance with the 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). Because the SEFA presents only a selected portion of the operations of the Foundation, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Foundation.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. The cost principles indicate that certain types of expenditures are not allowable or reimbursements of allowable costs are limited as to reimbursement.

3. Indirect Cost Rate

The Foundation has elected to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

4. Reconciliation to Financial Statements

Reconciliation between federal expenditures per the SEFA and grants and contributions revenue per the accompanying statement of activities for the year ended December 31, 2021 is as follows:

Federal expenditures per the schedule of expenditures of federal awards	\$ 19,595,665
Add: non-federal grants	10,862,818
Add: individual contributions	<u>7,589,369</u>
Grants and contributions per statement of activities	<u>\$ 38,047,852</u>

Syrian American Medical Society Foundation

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over the major program:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor’s report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ Yes X No

Identification of the major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster Title</u>
98.001	USAID Foreign Assistance for Programs Overseas

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

Syrian American Medical Society Foundation

Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2021

Section II – Financial Statement Findings

There were no financial statement findings reported during the 2021 audit.

Section III – Major Federal Programs Findings and Questioned Costs

There were no findings or questioned costs over major federal programs during the 2021 audit.

Syrian American Medical Society Foundation

Corrective Action Plan
For the Year Ended December 31, 2021

There were no findings for the year ended December 31, 2021, and therefore, a corrective action plan was not needed.

Syrian American Medical Society Foundation

Schedule of Prior Audit Findings
For the Year Ended December 31, 2021

There were no findings or questioned costs reported for the December 31, 2020 audit.