

Syrian American Medical Society Foundation

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

December 31, 2022 and 2021

Syrian American Medical Society Foundation

Financial Statements
December 31, 2022 and 2021

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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, 2022 and 2021; 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, 2022 and 2021, 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 2 to the financial statements, the Foundation adopted Accounting Standards Update (ASU) 2016-02, Accounting Standards Codification (ASC) 842, *Leases*, and all subsequent ASUs that modified ASC 842. The Foundation has applied the modified retrospective method to adopt this standard during the year ended December 31, 2022, and adjusted the presentation in the financial statements as permitted by ASC 842. 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 audits were 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 August 15, 2023, 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
August 15, 2023

Syrian American Medical Society Foundation

Statements of Financial Position December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 14,331,385	\$ 11,795,549
Investments	1,480,259	1,713,131
Grants and contributions receivable	2,162,817	6,419,834
Medical student loans receivable	93,807	109,866
Prepaid expenses and other assets	630,032	604,115
Property and equipment, net	5,555	28,142
Right of use assets – operating lease	90,485	-
	\$ 18,794,340	\$ 20,670,637
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 3,328,643	\$ 3,093,266
Refundable advances	-	2,221,956
Deferred rent	-	48,173
Lease liabilities – operating lease	111,718	-
	3,440,361	5,363,395
Total liabilities		
Net Assets		
Without donor restrictions	15,236,932	14,037,513
With donor restrictions	117,047	1,269,729
	15,353,979	15,307,242
Total net assets		
Total liabilities and net assets	\$ 18,794,340	\$ 20,670,637

See accompanying notes.

Syrian American Medical Society Foundation

Statement of Activities For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 31,236,290	\$ 5,554,092	\$ 36,790,382
In-kind contributions	4,939,080	-	4,939,080
Investment return, net	(276,731)	-	(276,731)
Released from restrictions	6,706,774	(6,706,774)	-
Total revenue and support	42,605,413	(1,152,682)	41,452,731
Expenses			
Program services:			
Medical relief program	38,892,431	-	38,892,431
Total program services	38,892,431	-	38,892,431
Supporting services:			
Management and general	1,217,957	-	1,217,957
Fundraising	1,295,606	-	1,295,606
Total supporting services	2,513,563	-	2,513,563
Total expenses	41,405,994	-	41,405,994
Change in Net Assets	1,199,419	(1,152,682)	46,737
Net Assets, beginning of year	14,037,513	1,269,729	15,307,242
Net Assets, end of year	\$ 15,236,932	\$ 117,047	\$ 15,353,979

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	42,238,888	424,170	42,663,058
Expenses			
Program services:			
Medical relief program	38,114,088	-	38,114,088
Total program services	38,114,088	-	38,114,088
Supporting services:			
Management and general	929,999	-	929,999
Fundraising	942,760	-	942,760
Total supporting services	1,872,759	-	1,872,759
Total expenses	39,986,847	-	39,986,847
Change in Net Assets	2,252,041	424,170	2,676,211
Net Assets, beginning of year, as restated	11,785,472	845,559	12,631,031
Net Assets, end of year	\$ 14,037,513	\$ 1,269,729	\$ 15,307,242

See accompanying notes.

Syrian American Medical Society Foundation

Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program	Supporting Services			Total Expenses
	Services	Management and General	Fundraising	Total Supporting Services	
	Medical Relief Program				
Salaries, wages, and benefits	\$ 19,362,845	\$ 868,033	\$ 697,391	\$ 1,565,424	\$ 20,928,269
Assistance in foreign operations	3,788,894	25,055	77,218	102,273	3,891,167
Medical equipment, supplies, and services	7,548,286	-	-	-	7,548,286
Fuel	660,165	-	-	-	660,165
Office expenses	706,597	9,644	4,467	14,111	720,708
Travel and entertainment	389,107	23,585	62,482	86,067	475,174
Rent, utilities, and maintenance	2,332,856	5,071	5,071	10,142	2,342,998
Contracted services	359,505	72,826	27,563	100,389	459,894
Postage and printing	19,526	4,216	312,553	316,769	336,295
Advertising	27,563	2,695	23,921	26,616	54,179
Conference, convention, and meetings	96,769	101,030	39,246	140,276	237,045
Equipment	2,085,463	144	204	348	2,085,811
Scholarships, dues, subscription, and membership	272,353	293	9,827	10,120	282,473
Storage and shipping	381	-	-	-	381
Information, technology, and software	1,242,121	105,365	35,663	141,028	1,383,149
Total Expenses	\$ 38,892,431	\$ 1,217,957	\$ 1,295,606	\$ 2,513,563	\$ 41,405,994

See accompanying notes.

Syrian American Medical Society Foundation

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

	Program	Supporting Services			Total Expenses
	Services	Management and General	Fundraising	Total Supporting Services	
	Medical Relief Program				
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
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

Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 46,737	\$ 2,676,211
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	22,587	26,386
Realized and unrealized return on investments	290,997	(166,651)
Donated stocks	(47,469)	(264,007)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants and contributions receivable	4,257,017	(4,861,450)
Medical student loans receivable	16,059	33,400
Prepaid expenses and other assets	(25,917)	(308,613)
Right of use assets – operating lease	(90,485)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	235,377	413,674
Refundable advances	(2,221,956)	692,514
Deferred rent	(48,173)	(22,173)
Lease liabilities – operating lease	111,718	-
Net cash provided by (used in) operating activities	2,546,492	(1,780,709)
Cash Flows from Investing Activities		
Purchases of investments	(871,189)	(741,760)
Proceeds from sales of investments	860,533	732,030
Purchases of property and equipment	-	(1,251)
Net cash used in investing activities	(10,656)	(10,981)
Net Increase (Decrease) in Cash and Cash Equivalents	2,535,836	(1,791,690)
Cash and Cash Equivalents, beginning of year	11,795,549	13,587,239
Cash and Cash Equivalents, end of year	\$ 14,331,385	\$ 11,795,549

See accompanying notes.

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2022 and 2021

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, Turkey, Iraq, and Greece.

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, 2022 and 2021

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 in 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, 2022 and 2021.

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, 2022 and 2021, 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, 2022 and 2021

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.

Operating Lease

The Foundation determines if an arrangement is a lease at inception. Operating lease is included in right-of-use (“ROU”) assets, which represent the Foundation’s right to use an underlying asset for the lease term, and lease liabilities represent the Foundation’s obligation to make lease payments arising from the lease. Operating ROU lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Foundation’s leases do not provide an implicit rate, the Foundation used a risk-free rate based on the information available at the commencement date in determining the present value of lease payments.

The ROU assets also include any lease payments made and exclude lease incentives. The Foundation’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

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.

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

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.

In-Kind Contributions

The value of contributions, which are considered specialized and can be estimated, and would have been purchased if not donated, that enhance a nonfinancial asset, 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.

Advertising Costs

Advertising costs are expensed as incurred.

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

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.

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.

Adopted Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, Accounting Standards Codification (ASC) 842, *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 Foundation adopted ASC 842 during the year ended December 31, 2022, and adjusted the presentation in the financial statements as permitted by ASC 842. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 15, 2023, the date the financial statements were available to be issued.

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2022 and 2021

3. 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.

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:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 14,331,385	\$ 11,795,549
Investments	1,480,259	1,713,131
Grants and contributions receivable	2,162,817	6,419,834
Medical student loans receivable	<u>93,807</u>	<u>109,866</u>
Total financial assets	18,068,268	20,038,380
Less: restricted by donors with purpose and time restrictions	<u>(117,047)</u>	<u>(1,269,729)</u>
Total available for general expenditures	<u>\$ 17,951,221</u>	<u>\$ 18,768,651</u>

Syrian American Medical Society Foundation

Notes to Financial Statements
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4. Concentrations of Risk

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 uninsured portions of these accounts are backed solely by the asset of the underlying financial institution. Therefore, the failure of an underlying institution could result in financial loss for the Foundation. 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.

Revenue Risk

During the years ended December 31, 2022 and 2021, approximately 35% and 46% of the Foundation's revenue and support were derived from cooperative and grant agreements with federal government agencies, respectively. 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, Jordan, Iraq, Lebanon, and Greece 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, 2022, the cash in foreign field offices totaled \$3,052,320, which represents approximately 16% of the Foundation's total assets. 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.

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2022 and 2021

5. Investments and Fair Value Measurements

The Foundation follows FASB ASC 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.

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, 2022:

	Level 1	Level 2	Level 3	Total
Equities	\$ 1,162,993	\$ -	\$ -	\$ 1,162,993
Mutual funds	94,949	-	-	94,949
Money market funds	222,317	-	-	222,317
Total investments	\$ 1,480,259	\$ -	\$ -	\$ 1,480,259

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2022 and 2021

5. Investments and Fair Value Measurements (continued)

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

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

	2022	2021
Interest and dividends	\$ 27,539	\$ 25,278
Realized and unrealized return	(290,997)	166,651
Less: investment management fees	(13,273)	(14,631)
Total investment return, net	\$ (276,731)	\$ 177,298

6. Property and Equipment

Property and equipment consists of the following at December 31:

	2022	2021
Furniture and fixtures	\$ 45,637	\$ 45,637
Office equipment	75,605	75,605
Leasehold improvements	107,560	107,560
Total property and equipment	228,802	228,802
Less: accumulated depreciation and amortization	(223,247)	(200,660)
Property and equipment, net	\$ 5,555	\$ 28,142

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2022 and 2021

7. Net Assets

Net assets with donor restrictions in the amount of \$117,047 and \$1,269,729 were restricted for relief efforts at December 31, 2022 and 2021, respectively.

8. Commitments and Contingencies

Operating Leases

Washington, D.C. Office

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.

Supplemental qualitative information related to the office lease is as follows at and for the year ended December 31, 2022:

Operating lease cost	\$	136,704
Cash paid for amounts included in the measurement of lease liabilities – operating cash flows	\$	163,644
Right of use assets obtained in exchange for lease obligations	\$	90,485
Weighted-average remaining lease term (in years)		0.5
Weighted-average discount rate		1.55%

Maturities of the lease liabilities under the Foundation's office lease are as follows for the year ending December 31:

2023	\$	112,369
Less: discount to present value at 1.55%		<u>(651)</u>
Present value of operating lease liabilities	\$	<u><u>111,718</u></u>

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2022 and 2021

8. Commitments and Contingencies (continued)

Operating Leases (continued)

Washington, D.C. Office (continued)

Subsequent to year-end, in April 2023, the aforementioned operating lease for office space in Washington, D.C was amended to relocate to a new office space and to extend the lease through October 31, 2025. The terms of the lease contain provisions for a free rent period and an annual rental increase of 2.50% of the base rent.

Future minimum lease payments for the extended period for the office lease are as follows as of December 31:

2023	\$	14,652
2024		44,324
2025		45,432
		<hr/>
Total future minimum lease payments	\$	<u>104,408</u>

Foreign Offices

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.

Rent expense under the operating lease agreements totaled \$795,072 and \$734,345 for the years ended December 31, 2022 and 2021, respectively.

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2022 and 2021

8. Commitments and Contingencies (continued)

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.

9. 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, 2022 and 2021, the Foundation did not provide any contributions to SAMS for those activities.

10. 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>2022</u>	<u>2021</u>
Donated medical equipment and supplies	\$ 3,618,621	\$ 3,731,551
Donated medical services	1,272,990	442,350
Donated stocks	<u>47,469</u>	<u>264,007</u>
Total in-kind contributions	<u>\$ 4,939,080</u>	<u>\$ 4,437,908</u>

Syrian American Medical Society Foundation

Notes to Financial Statements
December 31, 2022 and 2021

11. 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.

12. 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, 2022 and 2021, 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, 2022; 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 August 15, 2023.

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 or significant deficiencies 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.



Vienna, Virginia
August 15, 2023

**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, 2022. 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, 2022.

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
August 15, 2023

Syrian American Medical Society Foundation

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Agency or Pass- Through Grant Number	Amount Paid to Subrecipients	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	720BHA21GR00359-SAMS	\$ -	\$ 682,826
<i>Pass-through Award from Relief International, Inc.:</i>				
USAID Foreign Assistance for Programs Overseas	98.001	RI-4002-01	-	7,582,101
USAID Foreign Assistance for Programs Overseas	98.001	RI-4018-SAMS-01	-	1,843,053
Total ALN 98.001			-	10,107,980
Total U.S. Agency for International Development awards			-	10,107,980
<u>U.S. Department of State</u>				
Overseas Refugee Assistance Program for Near East and South Asia	19.519	SPRMCO20CA0139	912,682	2,767,190
Overseas Refugee Assistance Program for Near East and South Asia	19.519	SPRMCO22CA0161	266,401	871,062
Total ALN 19.519			1,179,083	3,638,252
International Programs to Support Democracy, Human Rights and Labor	19.345	SLMAQM20GR2422	219,450	703,818
International Programs to Support Democracy, Human Rights and Labor	19.345	SAQMIP22CA0248	-	55,732
Total ALN 19.345			219,450	759,550
Total U.S. Department of State awards			1,398,533	4,397,802
Total Expenditures of Federal Awards			\$ 1,398,533	\$ 14,505,782

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, 2022

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, 2022. 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, 2022 is as follows:

Federal expenditures per the schedule of expenditures of federal awards	\$ 14,505,782
Add: non-federal grants	14,997,822
Add: individual contributions	<u>7,286,778</u>
Grants and contributions per statement of activities	<u>\$ 36,790,382</u>

Syrian American Medical Society Foundation

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section I – Summary of Independent 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>
19.519	Overseas Refugee Assistance Program for Near East and South Asia

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

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

Syrian American Medical Society Foundation

Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2022

Section II – Findings – Financial Statement Audit

There were no financial statement findings reported during the 2022 audit.

Section III – Findings and Questioned Costs – Major Federal Award Programs Audit

There were no findings or questioned costs over major federal programs during the 2022 audit.

Syrian American Medical Society Foundation

Corrective Action Plan
For the Year Ended December 31, 2022

There were no findings for the year ended December 31, 2022, 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, 2022

There were no findings or questioned costs reported for the 2021 audit.