

**Syrian American Medical Society Foundation**

Financial Statements  
Including Uniform Guidance Reports  
and Independent Auditors' Report

December 31, 2019

# Syrian American Medical Society Foundation

Financial Statements  
December 31, 2019

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Syrian American Medical Society Foundation

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Syrian American Medical Society Foundation (“the Foundation”), which comprise the statement of financial position as of December 31, 2019; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements.

### ***Management’s Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor’s Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion.

***Auditor's Responsibility (continued)***

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) and FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

***Other Matter***

As part of our audit of the 2019 financial statements, we also audited the adjustments described in Note 3 that were applied to restate the 2018 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2018 financial statements of the Foundation other than with respect to the adjustments, and, accordingly, we do not express an opinion or any other form of assurance on the 2018 financial statements as a whole.

***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 19-30 is presented for purposes of additional analysis and is not a required part of the financial statements. 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* (Uniform Guidance), is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

***Supplementary and Other Information (continued)***

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 25, 2020, 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 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 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.

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

Vienna, Virginia  
September 25, 2020

## Syrian American Medical Society Foundation

### Statement of Financial Position December 31, 2019

#### Assets

Cash and cash equivalents	\$ 7,448,325
Investments	1,243,759
Grants and contributions receivable	21,600
Medical student loans receivable	210,117
Other receivables	545,841
Prepaid expenses and other assets	92,468
Property and equipment, net	92,124

Total assets \$ 9,654,234

#### Liabilities and Net Assets

##### Liabilities

Accounts payable and accrued expenses	\$ 236,999
Refundable advances	182,681
Deferred rent	87,892

Total liabilities 507,572

##### Net Assets

Without donor restrictions	8,929,627
With donor restrictions	217,035

Total net assets 9,146,662

Total liabilities and net assets \$ 9,654,234

## Syrian American Medical Society Foundation

### Statement of Activities For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Grants and contributions	\$ 29,260,692	\$ 467,035	\$ 29,727,727
In-kind contributions	11,533,958	-	11,533,958
Investment return, net	196,503	-	196,503
Other revenue	4,680	-	4,680
Released from restrictions	341,930	(341,930)	-
<b>Total revenue and support</b>	<u>41,337,763</u>	<u>125,105</u>	<u>41,462,868</u>
<b>Expenses</b>			
Program services:			
Medical relief program	37,961,408	-	37,961,408
<b>Total program services</b>	<u>37,961,408</u>	<u>-</u>	<u>37,961,408</u>
Supporting services:			
Management and general	865,215	-	865,215
Fundraising	848,488	-	848,488
<b>Total supporting services</b>	<u>1,713,703</u>	<u>-</u>	<u>1,713,703</u>
<b>Total expenses</b>	<u>39,675,111</u>	<u>-</u>	<u>39,675,111</u>
<b>Change in Net Assets</b>	1,662,652	125,105	1,787,757
<b>Net Assets, beginning of year, as restated</b>	<u>7,266,975</u>	<u>91,930</u>	<u>7,358,905</u>
<b>Net Assets, end of year</b>	<u>\$ 8,929,627</u>	<u>\$ 217,035</u>	<u>\$ 9,146,662</u>

See accompanying notes.

**Syrian American Medical Society Foundation**

Statement of Functional Expenses  
For the Year Ended December 31, 2019

	Medical Relief Program	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries, wages, and benefits	\$ 18,408,417	\$ 497,962	\$ 348,923	\$ 19,255,302
Assistance in foreign operations	898,075	-	-	898,075
Medical equipment	13,556,863	-	-	13,556,863
Fuel	1,279,537	-	-	1,279,537
Office expenses	671,205	14,421	83,385	769,011
Travel and entertainment	736,573	21,180	51,906	809,659
Office rent and utilities	1,288,747	4,483	8,376	1,301,606
Contracted services	406,706	263,121	3,985	673,812
Postage and printing	33,855	2,497	215,322	251,674
Advertising	50	2,958	25,590	28,598
Conference, convention, and meetings	418,637	127	39,437	458,201
Equipment	129,700	-	-	129,700
Scholarships, dues, subscription, and membership	13,427	364	14,820	28,611
Storage and shipping	57,782	-	67	57,849
Information, technology, and software	61,834	58,102	56,677	176,613
<b>Total Expenses</b>	<b>\$ 37,961,408</b>	<b>\$ 865,215</b>	<b>\$ 848,488</b>	<b>\$ 39,675,111</b>

*See accompanying notes.*



## Syrian American Medical Society Foundation

### Statement of Cash Flows For the Year Ended December 31, 2019

<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ 1,787,757
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	39,968
Realized and unrealized return on investments	(177,631)
Donated stocks	(12,169)
Change in operating assets and liabilities:	
(Increase) decrease in:	
Grants and contributions receivable	3,442,080
Medical student loans receivable	(15,050)
Other receivables	(545,841)
Due from affiliate	65,879
Prepaid expenses and other assets	(63,465)
Increase (decrease) in:	
Accounts payable and accrued expenses	97,444
Refundable advances	(2,457,158)
Deferred rent	87,892
	<hr/>
Net cash provided by operating activities	2,249,706
	<hr/>
<b>Cash Flows from Investing Activities</b>	
Purchases of investments	(424,121)
Proceeds from sales of investments	405,300
Purchases of property and equipment	(132,092)
	<hr/>
Net cash used in investing activities	(150,913)
	<hr/>
<b>Net Increase in Cash and Cash Equivalents</b>	2,098,793
	<hr/>
<b>Cash and Cash Equivalents, beginning of year</b>	5,349,532
	<hr/>
<b>Cash and Cash Equivalents, end of year</b>	<u><u>\$ 7,448,325</u></u>

See accompanying notes.

# Syrian American Medical Society Foundation

Notes to Financial Statements  
December 31, 2019

## 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 statement of activities as net assets released from restrictions.

### Cash Equivalents

For the purpose of the statement of cash flows, 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 ninety days or less at the time of purchase. Excluded from this definition are amounts held for investment.

# Syrian American Medical Society Foundation

Notes to Financial Statements  
December 31, 2019

## 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. All realized and unrealized gains and losses, net of investment fees, are reported as a component of net investment return in the accompanying statement of activities.

### 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, 2019.

### 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, 2019, management deems all accounts receivable to be fully collectible, and no allowance for uncollectible accounts was established.

### Property and Equipment

Property and equipment with a cost in excess of \$500 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets, which range from three to five years. Expenditures for repairs and maintenance are expensed as incurred.

## Syrian American Medical Society Foundation

Notes to Financial Statements

December 31, 2019

### 2. Summary of Significant Accounting Policies (continued)

#### Refundable Advances

Grant receipts that are in excess of matching grant expenses for the year are recognized as refundable advances in the accompanying statement 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 statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Revenue from all other sources is recognized when earned.

#### 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 statement 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 statement of activities at their estimated fair value, as provided by the donor, at the date of receipt.

# Syrian American Medical Society Foundation

Notes to Financial Statements  
December 31, 2019

## 2. Summary of Significant Accounting Policies (continued)

### In-Kind Contributions (continued)

The Foundation also receives a substantial amount of services donated by volunteers in carrying out its program services. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605-25-16, *Contributed Services*.

### Functional Allocation of Expenses

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

### Advertising Costs

Advertising costs are expensed as incurred, and totaled \$28,598 for the year ended December 31, 2019.

### 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.

### Change in Accounting Principles

FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended, supersedes or replaces nearly all revenue recognition guidance under accounting principles generally accepted in the United States of America. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Foundation has implemented Topic 606 and has adjusted, if applicable, the presentation in these financial statements accordingly. The implementation had no impact on the previously reported net assets.

# Syrian American Medical Society Foundation

Notes to Financial Statements

December 31, 2019

## 2. Summary of Significant Accounting Policies (continued)

### Change in Accounting Principles (continued)

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Foundation has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in these financial statements under a modified prospective basis. The implementation had no impact on the previously reported net assets.

### Recently Issued Accounting Pronouncement

In February 2016, the FASB issued 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 statement of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in the Foundation's fiscal year 2021.

### Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 25, 2020, the date the financial statements were available to be issued.

As a result of the spread of the COVID-19 pandemic, economic uncertainties have arisen that are likely to impact the Foundation. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and its impact on the Foundation's employees, members, and donors, all of which are uncertain and cannot be predicted. The Foundation has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. At this point, the extent to which COVID-19 may impact the Foundation's financial condition or results of operations is uncertain.

## Syrian American Medical Society Foundation

Notes to Financial Statements  
December 31, 2019

### 3. Prior Period Adjustment

The net assets as of January 1, 2019 reported in the accompanying financial statements have been restated to include all foreign field offices transactions. The result of the restatement decreased net assets by \$1,831,868 as of January 1, 2019.

### 4. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2019:

Cash and cash equivalents	\$ 7,448,325
Investments	1,243,759
Grants and contributions receivable	21,600
Medical student loans receivable	210,117
Other receivables	545,841
	<hr/>
Total financial assets	9,469,642
Less: restricted by donors with purpose and time restrictions	(217,035)
	<hr/>
Total available for general expenditures	<u>\$ 9,252,607</u>

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.

# Syrian American Medical Society Foundation

Notes to Financial Statements  
December 31, 2019

## 5. 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 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 year ended December 31, 2019, approximately 32% of the Foundation's revenue and support was 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, 2019, the cash in foreign field offices totaled \$1,045,193, which represents approximately 11% 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

Net investment return consists of the following for the year ended December 31, 2019:

Interest and dividends	\$ 29,758
Realized and unrealized return	177,631
Less: investment management fees	<u>(10,886)</u>
Investment return, net	<u>\$ 196,503</u>



## Syrian American Medical Society Foundation

Notes to Financial Statements  
December 31, 2019

### 6. Investments and Fair Value Measurements (continued)

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, 2019:

	Level 1	Level 2	Level 3	Total
Equities	\$ 972,676	\$ -	\$ -	\$ 972,676
Mutual funds	243,670	-	-	243,670
Money market funds	27,413	-	-	27,413
Total investments	\$ 1,243,759	\$ -	\$ -	\$ 1,243,759

## Syrian American Medical Society Foundation

Notes to Financial Statements  
December 31, 2019

### 7. Property and Equipment

Property and equipment consists of the following at December 31, 2019:

Furniture and fixtures	\$	45,637
Office equipment		71,023
Leasehold improvements		<u>120,677</u>
Total property and equipment		237,337
Less: accumulated depreciation and amortization		<u>(145,213)</u>
Property and equipment, net	\$	<u><u>92,124</u></u>

### 8. Net Assets

As of December 31, 2019, net assets with donor restrictions in the amount of \$217,035 were restricted for relief efforts in Jordan.

### 9. 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 statement of financial position.

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 \$749,615 for the year ended December 31, 2019.

## Syrian American Medical Society Foundation

Notes to Financial Statements  
December 31, 2019

### 9. Commitments and Contingencies (continued)

#### Operating Leases (continued)

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

2020	\$	192,929
2021		158,877
2022		163,644
2023		112,369
		<hr/>
Total	\$	<u>627,819</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.

### 10. 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. The Foundation provided \$200,000 to SAMS for those activities in 2019. An amount due to SAMS totaling \$244 is reported as a component of accounts payable and accrued expenses in the accompanying statement of financial position at December 31, 2019.

## Syrian American Medical Society Foundation

Notes to Financial Statements  
December 31, 2019

### 11. In-Kind Contributions

The Foundation received the following donated goods and services, which have been reflected as in-kind contributions in the accompanying statement of activities for the year ended December 31, 2019:

Donated medical equipment and supplies	\$ 10,237,379
Donated medical services	1,284,410
Donated stocks	<u>12,169</u>
Total in-kind contributions	<u>\$ 11,533,958</u>

### 12. 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.

### 13. 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 year ended December 31, 2019, 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**

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**INDEPENDENT AUDITORS' 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, 2019; 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 September 25, 2020.

***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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

***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 have not been identified. We did identify a deficiency in internal control, as described in the accompanying schedule of findings and questioned costs as item 2019-001, which we consider to be a material weakness.

***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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity'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  
September 25, 2020

**INDEPENDENT AUDITORS' 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***

We have audited Syrian American Medical Society Foundation's ("the Foundation") compliance with the types of compliance requirements described 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, 2019. The Foundation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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



***Auditor's Responsibility (continued)***

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

***Opinion on the Major Federal Program***

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 its major federal program for the year ended December 31, 2019.

***Report on Internal Control over Compliance***

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

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

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

*Report on Internal Control over Compliance (continued)*

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.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The "R" is large and stylized, with a loop at the top. The rest of the text is in a cursive, handwritten style.

Vienna, Virginia  
September 25, 2020

**Syrian American Medical Society Foundation**

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2019

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass- Through Grant Number</u>	<u>Amount Paid to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Agency for International Development (USAID)</u>				
<i>Pass-through Award from World Vision, Inc.:</i>				
USAID Foreign Assistance for Programs Overseas	98.001	720FDA18CA00043	\$ -	\$ 12,168,269
Total U.S. Agency for International Development award			-	12,168,269
<u>U.S. Department of State</u>				
International Programs to Support Democracy, Human Rights and Labor	19.345	SLMAQM18GR2298	181,772	509,143
Overseas Refugee Assistance Program for Near East and South Asia	19.519	SPRMCO19CA0040	6,000	435,030
Total U.S. Department of State awards			187,772	944,173
Total Expenditures of Federal Awards			\$ 187,772	\$ 13,112,442

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, 2019

## 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, 2019. 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. For new awards or modifications of existing awards after December 26, 2014, the expenditures reported in the SEFA follow the cost principles contained in the Uniform Guidance. For existing awards prior to December 26, 2014, the expenditures follow the cost principles contained in OMB Circular A-122, *Cost Principles for Nonprofit Organizations*. 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, 2019 is as follows:

Federal expenditures per the schedule of expenditures of federal awards	\$ 13,112,442
Add: non-federal grants	8,976,179
Add: individual contributions	7,639,106
	<hr/>
Grants and contributions per statement of activities	\$ 29,727,727
	<hr/> <hr/>

**Syrian American Medical Society Foundation**

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2019

**Section I – Summary of Auditors’ Results**

***Financial Statements***

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes        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 program:

CFDA Number	Name of Federal Program or Cluster
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, 2019

#### Section II – Financial Statement Findings

##### **Finding No. 2019-001 – Material Weakness – Account Reconciliations**

<u>Criteria:</u>	In accordance with U.S. generally accepted accounting principles, reconciliations of grant receivables, grant payables, deferred rent liability, and net assets should be performed timely at the end of each year. Revenues and expenses should be reported in the fiscal period in which the revenues are earned and expenses are incurred.
<u>Condition:</u>	The adjustments for grant receivables, grant payables, deferred rent liability, and net assets at year-end were not complete at the commencement of our audit, delaying audit procedures and requiring additional time for management to ensure all accrual adjustments were made.
<u>Questioned Costs:</u>	None.
<u>Context:</u>	The Foundation migrated to a new accounting system in fiscal year 2019 and experienced turnover in the accounting and finance department at the end of the year, resulting in a lack of controls related to the performance of year-end reconciliations and close of accounting records.
<u>Effect:</u>	A number of adjusting journal entries were made subsequent to the commencement of our audit related to the aforementioned accounts.
<u>Cause:</u>	The Foundation did not perform a timely and thorough close of the books at the end of the fiscal year.
<u>Identification as a Repeat Finding:</u>	No.
<u>Recommendation:</u>	We recommend that the Foundation review its year-end closing and reporting process to ensure that all accrual basis adjustments and reconciling accounts are within a reasonable time period in preparation for the year-end audit process.
<u>Views of Responsible Officials and Planned Corrective Action:</u>	See Corrective Action Plan.

**Syrian American Medical Society Foundation**

Schedule of Findings and Questioned Costs (continued)  
For the Year Ended December 31, 2019

**Section III – Federal Award Findings and Questioned Costs**

There were no finding or questioned costs over major federal awards during the 2019 audit.

**Syrian American Medical Society Foundation**

Schedule of Prior Audit Findings  
For the Year Ended December 31, 2019

The Foundation did not require a Uniform Guidance audit for the year ended December 31, 2018.



**CORRECTIVE ACTION PLAN**  
For the Year Ended December 31, 2019

September 25, 2020

Syrian American Medical Society Foundation (“the Foundation”) respectfully submits the following Corrective Action Plan for the year ended December 31, 2019.

**Name and address of independent public accounting firm:**

Rogers and Company, PLLC  
8300 Boone Blvd, Suite 600  
Vienna, Virginia 22182

**Audit period:**

01/01/2019 to 12/31/2019

The findings from the Schedule of Findings and Questioned Costs for the year ended December 31, 2019 are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**Section II - Financial Statement Findings:**

**Finding No. 2019-001 – Material Weakness – Account Reconciliations**

Recommendation: The Foundation should review its year-end closing and reporting process to ensure that all accrual basis adjustments and accounts reconciliation are within a reasonable time in preparation for the year-end audit process. The reconciliations should be reviewed by an independent person, and evidence of review should be documented.

Views of Responsible Officials and Planned Corrective Action: We agree with the auditor’s recommendation, and action will be taken to address the condition within the next fiscal year. The finance and accounting staff will review its policies and procedures and ensure that controls are in place to capture all year-end adjustments on a timely basis and ensure accrual adjustments are made prior to the commencement of the audit.

Person Responsible: Director of Finance

Planned Completion Date: December 31, 2020

**Syrian American Medical Society Foundation**

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*Safaa Aladham*  
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Director of Finance  
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