

SYRIAN COMMUNITY NETWORK, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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Independent Auditor's Report

To the Board of Directors
SYRIAN COMMUNITY NETWORK, INC.
Chicago, Illinois

Opinion

We have audited the accompanying financial statements of Syrian Community Network, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, 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 Syrian Community Network, Inc. as of June 30, 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. 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 Syrian Community Network, Inc. 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.

Responsibilities of Management 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, and for this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Syrian Community Network, Inc.'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 generally accepted 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, including omissions, 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 generally accepted 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 Syrian Community Network, Inc.'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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Syrian Community Network, Inc.'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.

Schultz & Chez, LLP

Chicago, Illinois
November 4, 2022

Syrian Community Network, Inc.
Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash in bank	\$ 499,932	\$ 661,924
Grants receivable	589,092	121,778
Other assets	5,800	7,049
Total current assets	<u>1,094,824</u>	<u>790,751</u>
Furniture and Leasehold improvements		
Furniture	13,424	11,621
Leasehold improvements	15,288	15,288
	<u>28,712</u>	<u>26,909</u>
Less: Accumulated depreciation and amortization	(18,675)	(9,726)
Net furniture and leasehold improvements	<u>10,037</u>	<u>17,183</u>
TOTAL ASSETS	<u><u>\$ 1,104,861</u></u>	<u><u>\$ 807,934</u></u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 20,524	\$ 17,383
Paycheck Protection Program loan payable	-	68,670
Deferred revenue	27,738	21,488
Total current liabilities	<u>48,262</u>	<u>107,541</u>
Net Assets		
With donor restrictions	407,347	227,640
Without donor restrictions	649,252	472,753
	<u>1,056,599</u>	<u>700,393</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,104,861</u></u>	<u><u>\$ 807,934</u></u>

See accompanying notes

Syrian Community Network, Inc.
Statements of Activities and Changes in Net Assets
For the years ended June 30, 2022 and 2021

	2022			2021
	Without donor restrictions	With donor restrictions	Total	
Contributions	\$ 349,910	\$ -	\$ 349,910	\$ 383,461
Zakat income	-	23,950	23,950	24,600
Grants	-	1,058,100	1,058,100	437,166
Payroll Protection Program loan forgiven	68,670		68,670	81,302
Total Revenue and Support	418,580	1,082,050	1,500,630	926,529
Net assets released from unrestricted	-	-	-	-
Program services	-	902,343	902,343	416,853
Management and general	125,750	-	125,750	64,170
Fundraising and development	116,331	-	116,331	76,117
	<u>242,081</u>	<u>902,343</u>	<u>1,144,424</u>	<u>557,140</u>
Increase/decrease in net assets	176,499	179,707	356,206	369,389
Net Assets-beginning	472,753	227,640	700,393	434,142
Net Assets-ending	<u><u>\$ 649,252</u></u>	<u><u>\$ 407,347</u></u>	<u><u>\$ 1,056,599</u></u>	<u><u>\$ 700,393</u></u>

See accompanying notes

Syrian Community Network, Inc.
 Statements of Functional expenses
 For the years ended June 30, 2022 and 2021

	2022				2021
	Program services	Management and General	Fundraising and Development	Total Supporting	Total Expenses
Staff salaries and wages	\$ 454,424	\$ 27,321	\$ 102,268	\$ 584,013	\$ 326,853
Payroll taxes and benefits	44,119	2,595	5,190	51,904	28,965
Office expenses	13,941	4,606	-	18,547	3,193
Contractual services	57,694	-	8,799	66,493	31,114
Professional fees	34,600	12,141	-	46,741	42,760
Refugee program expenses	251,048	-	74	251,122	42,099
Rent expense	43,562	4,840	-	48,402	46,120
Insurance	-	49,798	-	49,798	22,331
Marketing and advertising	-	138	-	138	-
Supplies	-	-	-	-	5,791
Other expenses	28	3,818	-	3,846	-
Computer expenses	-	-	-	-	589
Bank charges	2,047	371	-	2,418	549
Utilities	-	8,881	-	8,881	3,625
Travel and meals	880	2,292	-	3,172	-
Depreciation and amortization	-	8,949	-	8,949	3,151
Total Functional Expenses	\$ 902,343	\$ 125,750	\$ 116,331	\$ 1,144,424	\$ 557,140

See accompanying notes

Syrian Community Network, Inc.
Statements of Cash Flows
For the years ended June 30, 2021 and 2020

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 356,206	\$ 369,389
<i>Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:</i>		
Depreciation and amortization expense	8,949	3,151
Loan forgiveness- Paycheck Protection Program	(68,670)	(81,302)
<i>Changes in assets and liabilities:</i>		
Increase in grants receivable	(467,314)	(112,248)
Increase in other assets	1,249	-
Increase in accounts payable and accrued expenses	3,141	6,273
Increase in deferred revenue	6,250	21,488
Net cash provided by (used in) operating activities	<u>(160,189)</u>	<u>206,751</u>
Cash flows from investing activities		
Purchases of furniture and leasehold improvements	(1,803)	(7,021)
Net cash provided by (used in) investing activities	<u>(1,803)</u>	<u>(7,021)</u>
Cash flows from financing activities		
Proceeds from Payroll Protection Protection loan	-	68,670
Cash transfer to other chapters	-	(103,138)
Net cash provided by (used in) financing activities	<u>-</u>	<u>(34,468)</u>
Net increase (decrease) in cash	(161,992)	165,262
Cash, Beginning of Year	661,924	496,662
Cash, End of Year	<u>\$ 499,932</u>	<u>\$ 661,924</u>
Supplemental Cash Flow Information:		
Cash payments for interest during the period totaled	\$ 253	\$ 166

See accompanying notes

SYRIAN COMMUNITY NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

SYRIAN COMMUNITY NETWORK, INC. (“SCN”), is a not-for-profit organization incorporated on March 20, 2015, under the laws of the State of Illinois. SCN is organized exclusively for charitable, social and educational activities in compliance with Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

SCN prepares its financial statements in accordance with generally accepted accounting principles, applying the accrual basis of accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Accounting Policy

SCN follows the single source of authoritative U.S. generally accepted accounting principles (GAAP) set by the financial Accounting Standards Board to be applied by nongovernmental entities, *Accounting Standards Codification* (ASC), in the preparation of their financial statements.

Basis of Presentation

ASC 958-605-15, “Accounting for Contributions Received and Contributions Made”, requires contributions received are reported as increases in net assets without donor restriction unless use of related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction.

ASC 958-205, “Financial Statements of Not-for-Profit Organizations”, requires SCN to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restriction and net assets without donor restriction.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Furniture and Leasehold Improvements

Furniture is stated at cost less accumulated depreciation and depreciated using an accelerated method over the estimated useful lives of the related assets. Leasehold improvements are stated at cost less accumulated amortization using the straight-line method over the shorter of the office space lease term or the expected useful life of the assets.

SYRIAN COMMUNITY NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Public Support, Revenue and Pledges

All contributions are available for unrestricted use unless specifically restricted by the donor. Pledges for contributions are recorded when received. Contribution pledge receivables are reflected on the statement of financial position net of an allowance for uncollectible amounts.

Grant revenue

SCN received restricted grants from various agencies totaling \$1,058,100 and \$437,166 during the years ended June 30, 2022 and 2021, respectively, which were utilized in accordance with their respective grant agreements.

Donated Services

No amounts have been reflected in the statements for donated services because they did not meet the criteria for recognition under ASC 958-605-15. Management estimates that volunteers helping in various programs donated approximately 200 hours to SCN during each of the years ended June 30, 2022 and 2021.

Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulation time restriction ends or purpose restriction is accomplished), 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. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

Income Taxes

SCN is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal income taxes has been made.

Management has reviewed SCN's tax position for all tax years open to examination which include 2021, 2020 and 2019 and concluded that a provision for income taxes is not required.

Functional expenses

The costs of SCN programs and supporting services have been reported on the functional basis in the Statements of Functional Expenses. Expenses are charged to each program based on direct expenses incurred. Any program expenses nor directly chargeable to the program are allocated based on units of service and support costs are allocated based on indirect cost allocation.

SYRIAN COMMUNITY NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

***NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)***

Revenue Recognition

SCN recognizes contract revenue from its contracts either on pro-rata basis over a 12-month period, which represents the service period for certain contracts, or to the extent of expenses. Revenue recognition depends on the contract. The funding agencies may at their discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Organization with the terms of the grants/contracts.

Reclassifications

Certain prior period amounts in the financial statements have been reclassified to conform to the current period presentation.

Fair Value Measurement

SCN reports its fair value measures using the three-level hierarchy that prioritizes the inputs used to measure fair value. The hierarchy, established by GAAP, requires that the entities maximize the use of observable inputs and maximize the use of unobservable inputs when measuring fair value. The value of all SCN assets and liabilities which are required to be carried at fair value are valued at the quoted prices in active markets for identical assets and liabilities and, therefore, considered Level 1 assets and liabilities.

NOTE B – GRANTS RECEIVABLE

Grants receivable at June 30, 2022 of \$589,092 are believed by management to be fully collectible.

NOTE C – DEFERRED REVENUE

Net Assets with donor restriction contain unearned revenue which was the result of current advances or funds that have not been utilized or expended for program purposes as of June 30, 2022 made to SCN by various grantor agencies. Such funds are designated to be used during the subsequent fiscal year.

NOTE D – LEASE COMMITMENT

SCN leases office space under a non-cancelable lease agreement that expires on June 30, 2023. Rent expense totaled \$48,402 and \$46,120 for the years ended June 30, 2022 and 2021, respectively. The approximate minimum future annual lease payments as of June 30, 2022 are as follows:

Through:	
June 30, 2023	<u>\$ 53,472</u>
Total	<u>\$ 53,472</u>

SYRIAN COMMUNITY NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE E – PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

During the year ended June 30, 2021, SCN received \$68,670, in loan proceeds granted under the Paycheck Protection Program, established by the CARES Act, which was designed to provide a direct incentive for small businesses to keep their workers on the payroll. This loan payable, and any accrued interest thereon, was eligible for forgiveness if certain conditions were met. Any forgiveness is analogous to a grant. During the year ended June 30, 2022, the loan granted in the prior year amounting to \$68,670 was forgiven and is included herein as income in the statement of activities and changes in net assets.

NOTE F - SUBSEQUENT EVENTS

SCN has evaluated subsequent events through November 4, 2022, which is the date the financial statements had been reviewed by management and were available to be issued. No events have occurred from the date of the financial statements to November 4, 2022, which would require adjustments to or disclosure in the accompanying financial statements.