

SYRIAN COMMUNITY NETWORK, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022 (restated)

CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT	
STATEMENTS OF FINANCIAL POSITION	1
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	2
STATEMENTS OF FUNCTIONAL EXPENSES.....	3
STATEMENTS OF CASH FLOWS	4
NOTES TO FINANCIAL STATEMENTS	5 - 9

SCHULTZ & CHEZ, L.L.P.

Certified Public Accountants

141 W. Jackson Boulevard, Suite 1350
Chicago, Illinois 60604
Main: (312) 332-1912
Fax: (312) 332-3635

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, 2023 and 2022 (restated), 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, 2023 and 2022 (restated), 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.

Emphasis of Matter

The statement of financial position, statement of activities and changes in net assets, and statement of cash flows as of June 30, 2022 and for the year then ended, have been restated to correct accounting errors, as discussed more fully in Note E.

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, 2023

Syrian Community Network, Inc.
Statements of Financial Position
June 30, 2023 and 2022 (restated)

	<u>2023</u>	<u>2022</u> Restated
Assets		
Current assets		
Cash in bank	\$ 710,514	\$ 499,932
Grants receivable	251,858	495,894
Other assets	5,800	5,800
Total current assets	<u>968,172</u>	<u>1,001,626</u>
Furniture, equipment and Leasehold improvements		
Furniture and equipment	15,003	13,424
Leasehold improvements	15,288	15,288
	<u>30,291</u>	<u>28,712</u>
Less: Accumulated depreciation and amortization	(17,249)	(13,401)
Net furniture, equipment and leasehold improvements	<u>13,042</u>	<u>15,311</u>
Operating lease right-of-use assets	<u>245,276</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,226,490</u>	<u>\$ 1,016,937</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 38,696	\$ 20,524
Deferred revenue	-	27,738
Current portion of operating lease liability	53,472	-
Total current liabilities	<u>92,168</u>	<u>48,262</u>
Operating lease Liability, net of current portion	<u>191,804</u>	<u>-</u>
Net Assets		
With donor restrictions	160,833	314,149
Without donor restrictions	781,685	654,526
	<u>942,518</u>	<u>968,675</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,226,490</u>	<u>\$ 1,016,937</u>

See accompanying notes

Syrian Community Network, Inc.
Statements of Activities and Changes in Net Assets
For the years ended June 30, 2023 and 2022 (restated)

	2023			2022
	Without donor restrictions	With donor restrictions	Total	Restated
Contributions	\$ 479,856	\$ -	\$ 479,856	\$ 373,860
Grants	-	719,104	719,104	964,902
Payroll Protection Program loan forgiven			-	68,670
Other income	13,182		13,182	
Total Revenue and Support	493,038	719,104	1,212,142	1,407,432
Net assets released from unrestricted	-	-	-	-
Program services	-	872,420	872,420	902,343
Management and general	176,007	-	176,007	120,476
Fundraising and development	189,872	-	189,872	116,331
	365,879	872,420	1,238,299	1,139,150
Increase/decrease in net assets	127,159	(153,316)	(26,157)	268,282
Net Assets-beginning-restated	654,526	314,149	968,675	700,393
Net Assets-ending	\$ 781,685	\$ 160,833	\$ 942,518	\$ 968,675

See accompanying notes

Syrian Community Network, Inc.
Statements of Functional expenses
For the years ended June 30, 2023 and 2022 (restated)

	2023				2022
	Program services	Management and General	Fundraising and Development	Total Supporting	Total Expenses-restated
Staff salaries and wages	\$ 631,811	\$ 58,969	\$ 151,634	\$ 842,414	\$ 584,013
Payroll taxes and benefits	99,484	9,285	23,876	132,645	51,904
Office expenses	5,098	10,085	-	15,183	20,965
Contractual services	36,308	12,500	8,950	57,758	66,493
Professional fees	19,261	4,815	-	24,076	46,741
Refugee program expenses			-	-	251,122
Occupancy	40,591	8,118	5,412	54,121	48,402
Insurance		9,365	-	9,365	49,798
Marketing and advertising		6,708	-	6,708	138
Supplies	-	1,886	-	1,886	-
Program expenses	21,422	-	-	21,422	
Other expenses		485	-	485	3,846
Computer expenses		31,916	-	31,916	-
Membership	5,946	-	-	5,946	-
Internet, phone and fax	-	13,038	-	13,038	-
Utilities		4,989	-	4,989	8,881
Travel and meals	12,499	-	-	12,499	3,172
Depreciation and amortization	-	3,848	-	3,848	3,675
Total Functional Expenses	\$ 872,420	\$ 176,007	\$ 189,872	\$ 1,238,299	\$ 1,139,150

See accompanying notes

Syrian Community Network, Inc.
Statements of Cash Flows
For the years ended June 30, 2023 and 2022 (restated)

	<u>2023</u>	<u>2022</u> Restated
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (26,157)	\$ 268,282
<i>Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:</i>		
Depreciation and amortization expense	3,848	3,675
Loan forgiveness- Paycheck Protection Program	-	(68,670)
<i>Changes in assets and liabilities:</i>		
Grants receivable	244,036	(374,116)
Other assets	-	1,249
Accounts payable and accrued expenses	18,172	3,141
Deferred revenue	(27,738)	6,250
Net cash provided by (used in) operating activities	<u>212,161</u>	<u>(160,189)</u>
Cash flows from investing activities		
Purchases of furniture and equipment	(1,579)	(1,803)
Net cash provided by (used in) investing activities	<u>(1,579)</u>	<u>(1,803)</u>
Net increase (decrease) in cash	210,582	(161,992)
Cash, Beginning of Year	499,932	661,924
Cash, End of Year	<u>\$ 710,514</u>	<u>\$ 499,932</u>
Supplemental Cash Flow Information:		
Cash payments for interest during the period totaled	\$ -	\$ 253
Operating lease assets obtained in exchange for lease liabilities	245,276	—

See accompanying notes

SYRIAN COMMUNITY NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022 (restated)

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, 2023 AND 2022 (restated)

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 \$719,104 and \$964,902 (restated) during the years ended June 30, 2023 and 2022, 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, 2023 and 2022.

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 2022, 2021 and 2020 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 not 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, 2023 AND 2022 (restated)

***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, 2023 of \$251,858 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, 2023 made to SCN by various grantor agencies. Such funds are designated to be used during the subsequent fiscal year.

NOTE D – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

SCN has \$962,372 of financial assets available within one year of the statement of financial position date to meet cash needs for general operation expenditures, consisting of cash of \$710,514, and grants receivable of \$251,858. The SCN's goal is to maintain financial assets meet 180 days of operation expenses.

SYRIAN COMMUNITY NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022 (restated)

NOTE E – PRIOR PERIOD ADJUSTMENTS

The prior year financial statements are restated for accounting errors consisting of an overstatement of a grant receivable on June 30, 2022 in the amount of \$93,198 at June 30, 2022, and an error in the calculation of depreciation expense which resulted in an understatement of net furniture, equipment and leasehold improvements in the amount of \$5,274. The net effect of these errors amounting to \$87,924 is reflected in 2022 numbers for comparative purposes.

NOTE F – LEASE COMMITMENT

SCN leases office space under a non-cancelable lease agreement that expires on June 30, 2028. The approximate minimum future annual lease payments as of June 30, 2023 are as follows:

Through June 30,		
2024	\$	53,470
2025		54,541
2026		55,632
2027		56,745
2028		57,880

Total		278,268
Less: Interest		<u>(32,992)</u>
Present Value of lease liability	\$	<u>245,276</u>

Total rent paid during June 30, 2023 and 2022 was \$53,472 and \$48,402 respectively.

NOTE G – PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

During the year ended June 30, 2022, 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, 2023, 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.

SYRIAN COMMUNITY NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022 (restated)

NOTE H – CREDIT RISK

SCN maintains their cash accounts in demand accounts at federally insured commercial banks. Accounts at each bank are insured by Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 and all deposits in local money fund brokerage accounts are insured up to \$500,000 under SIPC protection. From time to time, the SCN has cash and investments in financial institutions in excess of federally-insured limits, however, SCN has not experienced any losses in such accounts and believes it is not exposed to any significant risk on its cash in bank. At June 30, 2023, the cash in bank balance was approximately \$248,400 over the FDIC limit.

NOTE I - SUBSEQUENT EVENTS

SCN has evaluated subsequent events through November 4, 2023, 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, 2023, which would require adjustments to or disclosure in the accompanying financial statements.