

Salesian Missions, Inc.

Financial Statements
Years Ended December 31, 2021 and 2020

**Supplemental Schedule of Expenditures
of Federal Awards**
Year Ended December 31, 2021

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Supplemental Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

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Independent Auditor's Report

The Board of Trustees
Salesian Missions, Inc.
New Rochelle, New York

Opinion

We have audited the financial statements of Salesian Missions, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 Organization'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 the Organization'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.

Other Matters

Supplementary 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. Such information has been



subjected to the auditing procedures applied in the audit of the financial statements and to 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 to other additional procedures in accordance with GAAS. 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 29, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Organization'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 Organization's internal control over financial reporting and compliance.

BDO USA, LLP

September 29, 2022

Salesian Missions, Inc.
Statements of Financial Position

<i>December 31,</i>	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 10,845,624	\$ 10,304,952
Investments	52,432,437	44,592,199
Bequests, contributions, and other receivables, net, less non-current portion	1,223,414	846,887
Inventory, net	858,769	857,622
Prepaid expenses and other current assets	2,439,821	1,895,725
Assets held for others	117,204	121,638
Total Current Assets	67,917,269	58,619,023
Other Receivables, Net	-	103,767
Other Non-Current Assets	546,134	476,881
Property and Equipment, Net	491,334	472,049
Beneficial Interest in Third-Party Trusts	59,117,477	55,219,930
Total Assets	\$ 128,072,214	\$ 114,891,650
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,016,889	\$ 1,470,344
Deferred revenue	259,004	503,043
Current portion of annuity obligations	573,725	602,786
Funds held for others	117,204	121,638
Total Current Liabilities	2,966,822	2,697,811
Annuity Obligations, less current portion	4,560,432	5,483,219
Notes Payable	-	916,600
Line of Credit	-	103,767
Total Liabilities	7,527,254	9,201,397
Commitments and Contingencies		
Net Assets		
Without donor restrictions	35,472,601	30,326,713
With donor restrictions	85,072,359	75,363,540
Total Net Assets	120,544,960	105,690,253
Total Liabilities and Net Assets	\$ 128,072,214	\$ 114,891,650

The accompanying notes are an integral part of these financial statements.

Salesian Missions, Inc.

Statement of Activities

Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Contributions	\$ 29,314,388	\$ 15,049,979	\$ 44,364,367
Government grants	3,061,406	-	3,061,406
Foundation grants	-	461,130	461,130
In-kind contributions and grants	4,614,376	-	4,614,376
Investment income, net	3,360,471	2,127,922	5,488,393
Other income	432,265	-	432,265
Change in value of split-interest agreements	-	397,731	397,731
Net assets released from restrictions	8,327,943	(8,327,943)	-
Total Operating Revenues	49,110,849	9,708,819	58,819,668
Operating Expenses			
Program services:			
Mission support	16,991,998	-	16,991,998
Religious ministries	15,936,971	-	15,936,971
Government programs	2,049,234	-	2,049,234
Total Program Services	34,978,203	-	34,978,203
Support services:			
Management and general	2,987,975	-	2,987,975
Fundraising	5,479,082	-	5,479,082
Total Support Services	8,467,057	-	8,467,057
Total Operating Expenses	43,445,260	-	43,445,260
Non-Operating Loss, Net	519,701	-	519,701
Total Expenses	43,964,961	-	43,964,961
Change in Net Assets	5,145,888	9,708,819	14,854,707
Net Assets, beginning of year	30,326,713	75,363,540	105,690,253
Net Assets, end of year	\$ 35,472,601	\$ 85,072,359	\$ 120,544,960

The accompanying notes are an integral part of these financial statements.

Salesian Missions, Inc.

Statement of Activities

Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Contributions	\$ 23,817,607	\$ 14,334,409	\$ 38,152,016
Government grants	1,408,651	-	1,408,651
Foundation grants	-	246,295	246,295
In-kind contributions and grants	2,386,841	-	2,386,841
Investment income, net	3,915,321	1,481,808	5,397,129
Other income	845,426	-	845,426
Change in value of split-interest agreements	-	(1,128,058)	(1,128,058)
Net assets released from restrictions	7,304,903	(7,304,903)	-
Total Operating Revenues	39,678,749	7,629,551	47,308,300
Operating Expenses			
Program services:			
Mission support	13,329,411	-	13,329,411
Religious ministries	15,427,576	-	15,427,576
Government programs	1,773,509	-	1,773,509
Total Program Services	30,530,496	-	30,530,496
Support services:			
Management and general	3,066,832	-	3,066,832
Fundraising	4,961,514	-	4,961,514
Total Support Services	8,028,346	-	8,028,346
Total Operating Expenses	38,558,842	-	38,558,842
Change in Net Assets	1,119,907	7,629,551	8,749,458
Net Assets, beginning of year	29,206,806	67,733,989	96,940,795
Net Assets, end of year	\$ 30,326,713	\$ 75,363,540	\$ 105,690,253

The accompanying notes are an integral part of these financial statements.

Salesian Missions, Inc.
Statement of Functional Expenses

Year ended December 31, 2021

	Program Services				Support Services			
	Mission Support	Religious Ministries	Government Programs	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries	\$ 863,808	\$ 883,619	\$ 174,346	\$ 1,921,773	\$ 1,565,156	\$ 475,490	\$ 2,040,646	\$ 3,962,419
Payroll taxes and fringe benefits	259,009	265,916	33,383	558,308	454,703	138,138	592,841	1,151,149
	1,122,817	1,149,535	207,729	2,480,081	2,019,859	613,628	2,633,487	5,113,568
Distributions to missions	7,312,003	676,311	1,813,299	9,801,613	-	-	-	9,801,613
In-kind distribution to missions	4,595,716	-	-	4,595,716	-	-	-	4,595,716
Direct mail costs	2,889,570	13,817,024	-	16,706,594	185,177	3,457,308	3,642,485	20,349,079
Professional fees	672,086	151,727	13,541	837,354	500,208	865,999	1,366,207	2,203,561
Supplies and materials	6,957	32,151	1,908	41,016	8,024	7,070	15,094	56,110
Travel and communications	15,908	1,207	3,621	20,736	4,882	1,207	6,089	26,825
Office and occupancy expense	346,014	78,795	9,136	433,945	259,224	448,790	708,014	1,141,959
	16,961,071	15,906,750	2,049,234	34,917,055	2,977,374	5,394,002	8,371,376	43,288,431
Depreciation	30,927	30,221	-	61,148	10,601	85,080	95,681	156,829
Total	\$ 16,991,998	\$ 15,936,971	\$ 2,049,234	\$ 34,978,203	\$ 2,987,975	\$ 5,479,082	\$ 8,467,057	\$ 43,445,260

The accompanying notes are an integral part of these financial statements.

Salesian Missions, Inc.
Statement of Functional Expenses

Year ended December 31, 2020

	Program Services				Support Services			
	Mission Support	Religious Ministries	Government Programs	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries	\$ 958,066	\$ 981,340	\$ 191,676	\$ 2,131,082	\$ 1,736,366	\$ 529,664	\$ 2,266,030	\$ 4,397,112
Payroll taxes and fringe benefits	235,989	241,584	29,911	507,484	413,489	126,131	539,620	1,047,104
	1,194,055	1,222,924	221,587	2,638,566	2,149,855	655,795	2,805,650	5,444,216
Distributions to missions	6,125,629	568,139	1,523,152	8,216,920	-	-	-	8,216,920
In-kind distribution to missions	2,386,841	-	-	2,386,841	-	-	-	2,386,841
Direct mail costs	2,618,405	13,358,659	-	15,977,064	187,323	2,994,201	3,181,524	19,158,588
Professional fees	646,913	147,230	13,541	807,684	482,167	834,517	1,316,684	2,124,368
Supplies and materials	6,707	31,067	1,852	39,626	7,757	6,841	14,598	54,224
Travel and communications	24,221	1,827	5,521	31,569	7,424	1,827	9,251	40,820
Office and occupancy expense	295,930	67,721	7,856	371,507	221,779	383,850	605,629	977,136
	13,298,701	15,397,567	1,773,509	30,469,777	3,056,305	4,877,031	7,933,336	38,403,113
Depreciation	30,710	30,009	-	60,719	10,527	84,483	95,010	155,729
Total	\$ 13,329,411	\$ 15,427,576	\$ 1,773,509	\$ 30,530,496	\$ 3,066,832	\$ 4,961,514	\$ 8,028,346	\$ 38,558,842

The accompanying notes are an integral part of these financial statements.

Salesian Missions, Inc.

Statements of Cash Flows

<i>Year ended December 31,</i>	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 14,854,707	\$ 8,749,458
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	156,829	155,729
Paycheck Protection Program loan forgiveness	(916,600)	-
Obsolete inventory write-off	19,701	
Net unrealized and realized gain on investments	(5,258,357)	(5,234,777)
Changes in operating assets and liabilities:		
Increase (decrease) in bequests, contributions, and other receivables	(272,760)	106,779
Increase (decrease) in inventory	(20,848)	35,844
Increase in prepaid expenses and other assets	(613,349)	(342,021)
Increase in beneficial interest in third-party trusts	(3,897,547)	(4,731,012)
Increase (decrease) in accounts payable and accrued expenses	546,545	(822,896)
Decrease in due to others	(4,434)	(16,120)
Decrease (increase) in deferred revenue	(244,039)	239,856
Decrease (increase) in annuity obligations	(951,848)	537,030
Net Cash Provided by (Used in) Operating Activities	3,398,000	(1,322,130)
Cash Flows from Investing Activities		
Purchase of equipment	(176,114)	(108,584)
Sale of investments	13,748,555	17,323,651
Purchase of investments	(16,330,436)	(14,839,875)
Net Cash (Used in) Provided by Investing Activities	(2,757,995)	2,375,192
Cash Flows from Financing Activities		
Proceeds from the Paycheck Protection Program loan	-	916,600
Repayments of principal on line of credit	(103,767)	(67,510)
Net Cash (Used in) Provided by Financing Activities	(103,767)	849,090
Increase in Cash, Cash Equivalents, and Restricted Cash	536,238	1,902,152
Cash, Cash Equivalents, and Restricted Cash, beginning of year	10,426,590	8,524,438
Cash, Cash Equivalents, and Restricted Cash, end of year	\$ 10,962,828	\$ 10,426,590
Supplemental Disclosure		
Cash paid for interest	\$ -	\$ 720

The accompanying notes are an integral part of these financial statements.

Salesian Missions, Inc.

Notes to Financial Statements

1. Organization

Salesian Missions, Inc. (the Organization) is the Mission Procure of the Salesian Society, Inc. in the United States. The Organization was incorporated in 2000 in the state of New York. Its purpose is to recruit and prepare vocations for the missions, to implement the religious and educational objectives of the Salesian Society, and to support its missions in underdeveloped countries.

The Salesian Society, a Roman Catholic Religious Order, was founded in 1854 by John Bosco in Turin, Italy to serve the needs of disadvantaged youth. The Salesian Society, Inc. was incorporated in 1907 in the state of New York. Currently 34,000 Salesian Fathers, Brothers, and Sisters work in 135 countries in orphanages, clinics, hospitals, and schools that include vocational, technical, agricultural, and academic schools and 23 colleges. Over two million children, of all races and creeds in third-world countries, are welcomed into Salesian programs.

In a determination letter dated July 12, 2010, the Internal Revenue Service held that the agencies, instrumentalities and educational, charitable, and religious institutions operated, supervised, or controlled by, or in connection with, the United States Conference of Catholic Bishops, or its territories or possessions, are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code). The Organization is a subordinate organization in the group exemption by virtue of its inclusion in "The Official Catholic Directory," which is updated annually. Accordingly, the Organization is exempt from income tax on revenues related to its charitable mission. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Code and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Accordingly, the accompanying financial statements reflect no provision for income taxes.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit entities. In the statements of financial position, assets, and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net asset defined below in the statements of financial position, and the amounts of change in each of those classes of net assets, are displayed in the statements of activities.

These classes are defined as follows:

Without Donor Restrictions - This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of the Organization. Expenses are reported as decreases in net assets without donor restrictions.

Salesian Missions, Inc.

Notes to Financial Statements

With Donor Restrictions - This class consists of net assets with donor restrictions whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization are classified as net assets with donor restrictions perpetual in nature. These net assets with donor restrictions may include a stipulation that assets provided be maintained permanently while permitting the Organization to expend the income generated by the assets, in accordance with provisions of additional donor-imposed stipulations.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. The Organization's investments are held with an initial maturity over three months and are, therefore, not considered cash and cash equivalents.

<i>December 31,</i>	2021	2020
Cash and cash equivalents	\$ 10,845,624	\$ 10,304,952
Assets held for others	117,204	121,638
Total	\$ 10,962,828	\$ 10,426,590

Investment at Fair Value

Professional standards establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as the Organization would use in pricing its assets based on independently derived and objectively determinable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets identical or similar to those which the Organization holds are traded. The Organization estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants who have investments in the same or similar assets would use, as determined by the money managers administering each investment based on the best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 - Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting date.

Level 2 - Valuations are based on (i) quoted prices - those investments, or similar investments, in active markets; (ii) quoted prices - those investments, or similar investments, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include those investments or similar investments that are redeemable at or near the balance sheet date and for which a model was derived for valuation.

Salesian Missions, Inc.

Notes to Financial Statements

Level 3 - Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments; (ii) the investments cannot be independently valued; or (iii) the investments cannot be immediately redeemed at or near the fiscal year-end.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization's investments consist of a variety of investment securities. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of the Organization's investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Beneficial Interest in Third-Party Trusts

The Organization is the beneficiary of several perpetual and charitable remainder trusts. The trusts are stated at fair value, based on the underlying assets of the trusts, and are classified as net assets with donor restrictions. Changes in the value of the trusts are reported in net assets with donor restrictions. Distributions from the trusts are recorded as investment income.

Investment Income

Investment income and related income and expenses are recorded on a trade-date basis. Realized and unrealized gains and losses are reported in the statement of activities as change in unrestricted net assets unless the use of the income is limited by donor-imposed restrictions. Investment income is presented net of investment expenses.

Inventory

Inventory consists of mailing and religious ministry supplies and are stated at the lower of cost or market using the first-in, first-out (FIFO) method. In-kind inventory consists of equipment and supplies received from government and private sources that have not been distributed for program purposes at the date of the statements of financial position. They are reported as contributions at their estimated fair value on the date of receipt and reported as expenses when utilized. The Organization maintains a reserve for obsolete inventory based upon its ability to utilize such items for purposes of fulfilling its mission.

Salesian Missions, Inc.

Notes to Financial Statements

Property and Equipment, Net

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	5-50
Furniture, fixtures, and equipment	5-10
Automobiles	5
Software	5

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the years ended December 31, 2021 and 2020, there have been no such losses.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Revenue Recognition

Contributions are recognized when an unconditional promise is received and recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires—that is, when a stipulated time restriction ends, and/or a 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. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Revenue from government grants are recognized when earned—that is, generally as the related costs are incurred under the grant or contract agreements. Amounts expended in excess of reimbursements are reported as government grants receivable. Amounts received in advance are reported as deferred revenue.

The carrying value of receivables is reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience and therefore approximates net realizable value. Receivables are written-off when deemed uncollectible. Management determined that there was no allowance that needed to be recorded for the years ended December 31, 2021 and 2020.

Salesian Missions, Inc.

Notes to Financial Statements

The Organization enters into agreements with donors to accept and administer charitable gift annuities. Such agreements provide for payments to the donors or their beneficiaries based upon either the income earned on related investments or specified annuity amounts. Assets held under charitable gift annuities are included in investments. Contribution revenue is recognized at the date the annuity contract is established after recording liabilities for the estimated future payments expected to be made to the donors and/or other beneficiaries. The liabilities are adjusted annually for changes in the life expectancy of the beneficiary, amortization of the discount and other changes in the estimates of future payments.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs common to multiple functions have been allocated among the various functions benefited based upon predetermined allocation rates. Costs such as salaries and fringe benefits are allocated based on estimates of time and effort. Costs such as rent and depreciation are based on square footage. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Income Taxes

In accordance with U.S. GAAP, the Organization must recognize a tax liability associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits.

The Organization is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated business income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. In addition, the Organization has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

Accounting Pronouncements Issued but Not Yet Adopted

Leases

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and to recognize a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The FASB also issued ASU 2020-05, which deferred the effective date for the Organization until annual periods beginning after December 15, 2021, and the Organization is currently evaluating the impact of the adoption of ASU 2016-02.

Salesian Missions, Inc.

Notes to Financial Statements

Not-for-Profit Entities (Topic 958)

The FASB issued ASU 2020-07 (the Update) to clarify the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items.

The enhanced presentation and disclosure requirements include the contributed nonfinancial assets as separately stated as an individual line item in the statement of activities, distinct from contributions of cash or other financial assets. The contributed nonfinancial assets are also disaggregated in a footnote by category that shows the type of contributed nonfinancial assets in the statement of activities. For each type of contributed nonfinancial assets recognized, a not-for-profit (NFP) will disclose the NFP's policy (if any) on liquidating rather than using contributed nonfinancial assets, qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period, and if used, a description of how the asset was employed should be included, any donor-imposed restrictions related to the contributed nonfinancial assets, and the valuation methods and inputs utilized to determine a fair value, in accordance with Topic 820, *Fair Value Measurement*, measure at initial recognition. The principal or most advantageous market is utilized to calculate fair value if it is a market in which the NFP is restricted by the donor from selling or utilizing the contributed nonfinancial assets.

The Update does not change existing recognition and measurement requirements for contributed nonfinancial assets and is effective for annual reporting periods beginning after June 15, 2021 with early adoption permitted. The Organization is currently evaluating the impact of the adoption of ASU 2020-07.

Financial Instruments - Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying Accounting Standards Codification (ASC) 606, loans, and certain other instruments, entities will be required to use a new forward-looking "expected-loss" model that generally will result in earlier recognition of credit losses than under today's incurred loss model. ASU 2016-13 is effective for annual periods beginning after December 31, 2022. The Organization is currently evaluating the impact of the adoption of ASU 2016-13.

3. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following:

<i>December 31,</i>	2021		2020	
Checking, savings, and petty cash	\$	6,601,094	\$	4,588,156
Held by brokers		4,244,530		5,716,796
	\$	10,845,624	\$	10,304,952

Salesian Missions, Inc.

Notes to Financial Statements

4. Bequests, Contributions, and Other Receivables, Net

Bequests, contributions, and other receivables, net, consisted of the following:

<i>December 31,</i>	2021	2020
Bequests receivable	\$ 861,457	\$ 336,721
Contributions receivable	2,000	2,000
Other receivables	376,957	628,933
	1,240,414	967,654
Less: allowance for doubtful accounts	(17,000)	(17,000)
	\$ 1,223,414	\$ 950,654

Bequests, contributions, and other receivables expected to be collected within the next year are as follows:

<i>December 31,</i>	2021	2020
Bequests due within one year	\$ 861,457	\$ 336,721
Contributions due within one year	2,000	2,000
Other receivables due within one year	376,957	525,166
Total Current Bequests, Contributions, and Other Receivables	1,240,414	863,887
Less: allowance for doubtful accounts	(17,000)	(17,000)
	\$ 1,223,414	\$ 846,887

All bequests receivable and contributions receivable as of December 31, 2021 are scheduled to be collected within one year.

During 2021 and 2020, the Organization was notified of certain intentions to give, but the amounts were unknown. Consistent with U.S. GAAP, such amounts have not been reflected in the accompanying financial statements due to their conditional nature and unknown amounts.

5. Investments

The Organization's assets recorded at fair value have been categorized based upon a fair value hierarchy, in accordance with professional standards. See Note 2 for a discussion of the Organization's policies regarding this hierarchy. A description of the valuation techniques applied to the Organization's major categories of assets and liabilities measured at fair value is as follows:

Stocks, Foreign and Corporate Bonds, and U.S. Treasuries - These investments are priced using nationally recognized pricing services based on observable market data and are classified as Level 1.

Mutual Funds - Mutual funds are valued at the last reported net asset value (NAV) of shares held by the Organization at year-end and are classified as Level 1.

Salesian Missions, Inc.

Notes to Financial Statements

Beneficial Interest in Third-Party Trusts - On December 31, 2021, the Organization's financial assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) represent the fair value of the Organization's beneficial interest in third-party trusts of \$59,117,477. There is currently no market in which beneficial interests in trusts trade; therefore, no observable exit price exists for a beneficial interest in a perpetual trust. The assets are held in third-party trusts from which the Organization has an irrevocable right to receive the income earned on the trust assets. The Organization cannot receive the assets held in the trusts (see Note 7). Furthermore, the Organization cannot make any investment decisions regarding the assets held by the trusts.

The Organization had no financial assets and liabilities that were measured at fair value on a non-recurring basis during the years ended December 31, 2021 and 2020. In addition, there were no transfers between levels during the years ended December 31, 2021 and 2020.

The following tables present the Organization's investments classified within the fair value hierarchy:

December 31, 2021

	Level 1	Level 2	Level 3	Total
Stocks	\$ 33,536,595	\$ -	\$ -	\$ 33,536,595
Foreign and corporate bonds	11,982,875	-	-	11,982,875
Mutual funds	737,432	-	-	737,432
U.S. Treasuries	4,975,534	-	-	4,975,534
Total Investments	51,232,436	-	-	51,232,436
Beneficial interest in third-party trusts	-	-	59,117,477	59,117,477
Total Financial Assets, at fair value	\$ 51,232,436	\$ -	\$ 59,117,477	\$ 110,349,913

Cash held in investments at an amount of \$1,200,001 for investing is excluded from the above table and is included in investments in the statement of financial position.

December 31, 2020

	Level 1	Level 2	Level 3	Total
Stocks	\$ 30,573,080	\$ -	\$ -	\$ 30,573,080
Foreign and corporate bonds	9,675,587	-	-	9,675,587
Mutual funds	742,051	-	-	742,051
U.S. Treasuries	3,601,481	-	-	3,601,481
Total Investments	44,592,199	-	-	44,592,199
Beneficial interest in third-party trusts	-	-	55,219,930	55,219,930
Total Financial Assets, at fair value	\$ 44,592,199	\$ -	\$ 55,219,930	\$ 99,812,129

Salesian Missions, Inc.

Notes to Financial Statements

Investment income, net, consisted of the following:

<i>Year ended December 31,</i>	2021	2020
Interest and dividends	\$ 711,210	\$ 701,545
Net realized gain on investments	2,573,561	1,567,323
Net unrealized gain on investments	2,878,259	3,719,714
Investment Income	6,163,030	5,988,582
Investment fees	(674,637)	(591,453)
Investment Income, Net	\$ 5,488,393	\$ 5,397,129

The following table represents the reconciliation of the beginning and ending balances of the Organization's financial assets measured at fair value on a recurring basis using significant unobservable inputs:

	Beneficial Interest in Third-Party Trusts
Beginning Balance, December 31, 2020	\$ 55,219,930
Change in value of beneficial interest in third-party trusts	3,897,547
Ending Balance, December 31, 2021	\$ 59,117,477

6. Property and Equipment, Net

Property and equipment, net, consisted of the following:

<i>December 31,</i>	2021	2020
Building and improvements	\$ 3,383,448	\$ 3,236,088
Furniture and fixtures	1,325,030	1,308,970
Equipment	1,754,872	1,742,178
Automobiles	85,018	85,018
Systems software	1,336,742	1,336,742
	7,885,110	7,708,996
Less: accumulated depreciation	(7,393,776)	(7,236,947)
	\$ 491,334	\$ 472,049

Depreciation expense for the years ended December 31, 2021 and 2020 was \$156,829 and \$155,729, respectively.

7. Beneficial Interest in Third-Party Trusts

At December 31, 2021 and 2020, the Organization has a beneficial interest in several irrevocable charitable remainder trusts and one perpetual trust. The present value of the Organization's future interests in these charitable remainder trusts and the perpetual trust totaled \$1,361,289 and \$57,756,188, respectively, at December 31, 2021, and \$1,276,931 and \$53,942,999, respectively, at

Salesian Missions, Inc.

Notes to Financial Statements

December 31, 2020, and is recorded as beneficial interest in third-party trusts on the accompanying statements of financial position. The perpetual and charitable remainder trusts have been reported as net assets with donor restrictions. The Organization's beneficial interest in the charitable remainder trusts and perpetual trust have been classified as Level 3 within the fair value hierarchy.

The following table summarizes the changes in fair values associated with the assets:

	Perpetual Trust	Charitable Remainder Trusts	Total
Balance, January 1, 2020	\$ 47,533,570	\$ 2,955,348	\$ 50,488,918
Contributions (distributions)	35,447	(2,076,520)	(2,041,073)
Investment appreciation	6,373,982	398,103	6,772,085
Balance, December 31, 2020	53,942,999	1,276,931	55,219,930
Contributions (distributions)	(24,731)	362,557	337,826
Investment appreciation (depreciation)	3,837,920	(278,199)	3,559,721
Balance, December 31, 2021	\$ 57,756,188	\$ 1,361,289	\$ 59,117,477

8. Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes and time restrictions:

<i>December 31,</i>	2021	2020
Masses	\$ 693,753	\$ 577,385
Seminary support	15,493,319	12,944,684
Missionaries	5,935,561	4,391,962
Time restrictions	5,193,538	3,506,510
Perpetual trust within beneficial interest in third-party trusts	57,756,188	53,942,999
Total Net Assets with Donor Restrictions	\$ 85,072,359	\$ 75,363,540

9. Net Assets Released from Restrictions

Net assets with donor restrictions were released from restrictions by either incurring expenses or satisfying the restricted purpose, as follows:

<i>December 31,</i>	2021	2020
Masses	\$ 97,659	\$ 77,033
Missionary	779,116	909,528
Seminary support	7,023,532	5,445,068
Time restrictions	427,636	873,274
Total Net Assets Released from Restrictions	\$ 8,327,943	\$ 7,304,903

Salesian Missions, Inc.

Notes to Financial Statements

10. Liquidity and Availability of Financial Resources

The following reflects the Organization's financial assets, reduced by amounts not available for general use within one year of the date of the statement of financial position because of contractual or donor-imposed restrictions:

<i>December 31,</i>	2021	2020
Cash and cash equivalents	\$ 10,845,624	\$ 10,304,952
Investments	52,432,437	44,592,199
Bequests, contributions, and other receivables, net	1,223,414	846,887
Total Financial Assets	64,501,475	55,744,038
Contractual or donor-imposed restrictions:		
Endowment funds	(16,448,469)	(13,709,287)
Other donor restrictions*	(8,022,348)	(6,434,323)
Investments held for annuity obligations and related reserves**	(6,200,370)	(7,225,647)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 33,830,288	\$ 28,374,781

* This amount is included in cash and cash equivalents and represents contributions that are not released from restrictions.

** This amount is included in investments and represents amount reserve for the required charitable annuity contribution due next fiscal period.

The Organization is primarily supported by contributions (both with and without donor restriction). Because contributions with donor restrictions require resources to be used in a particular manner or in future periods, the Organization maintains sufficient resources to meet those responsibilities to its donors. The Organization's largest annual expense are the grants it makes to various Salesian missionaries worldwide, especially those groups working to assist needy youth and families in underdeveloped countries. As part of the Organization's liquidity management, it has a policy to structure its level of annual grant expense to be covered by the support it receives from general operations and its donors.

11. Assets Held for Others

The Organization has custody over several bank accounts that are maintained on behalf of certain Salesian provinces in foreign countries, as directed by the Office of the Director General of Don Bosco Missions in Rome, Italy. The fair value of the assets held at December 31, 2021 and 2020 was \$117,204 and \$121,638, respectively. These assets are restricted for the exclusive use of these foreign provinces. As a result, these amounts are included as assets held for others and a corresponding funds held for others liability on the accompanying statements of financial position.

12. Retirement Plans

The Organization also sponsors a 401(k) plan, which covers substantially all employees with one year of service and one-thousand or more hours of service per annum, with the exception of temporary

Salesian Missions, Inc.

Notes to Financial Statements

and seasonal employees. Participating employees may elect to contribute, on a tax-deferred basis, a portion of their compensation, in accordance with Section 401(k) of the Code and all other controlling pieces of federal or local legislation. The Organization's matching contribution rate for the years ended December 31, 2021 and 2020 was 75% of the employee's contribution up to the first 6% deducted from their compensation. The Organization's matching contribution expense for the years ended December 31, 2021 and 2020 was \$129,654 and \$125,892, respectively.

13. Line of Credit

The Organization has a \$5,132,029 available line of credit with a variable interest rate based on LIBOR (3.04% at December 31, 2021). The Organization's investment securities secure the line of credit. As of December 31, 2021 and 2020, the Organization's line of credit had an outstanding balance of \$0 and \$103,767, exclusive of accrued interest of \$0 and \$686, respectively.

14. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, equity, and fixed-income securities and mutual funds. The Organization maintains its cash and cash equivalents in various bank deposit accounts, which, at times, may exceed federally insured limits. The Organization's accounts were placed with high-credit-quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts. The Organization has a significant investment in equity and fixed-income securities and mutual funds and is therefore subject to concentrations of credit risk.

15. Endowments

The Organization's endowments consist of various individual with-donor-restricted funds established for various purposes, including support for recruiting and preparing vocations for the missions, to implement the religious and educational objectives of the Salesian Society and to support its missions in underdeveloped countries. As required under U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The New York State Prudent Management of Institutional Funds Act (NYPMIFA) applies to all the institutional funds of the Organization, unless the donor has specifically directed otherwise. As required by NYPMIFA, the Organization sent letters to living donors of donor restricted endowment funds so that these donors can elect whether to adopt NYPMIFA or retain historical dollar value. The law updates prior rules regarding investment conduct, expenditure of funds, delegation of management and investment, and release or modification of restrictions.

The most significant change made by the law is the elimination of the concept of "historic dollar value" for endowment funds. Under NYPMIFA, a detailed prudence standard governs appropriation from endowment funds, and there is no longer a requirement to maintain historic dollar value.

As a result of this interpretation, the Organization classifies within net assets with donor restrictions: (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the net assets with donor

Salesian Missions, Inc.

Notes to Financial Statements

restrictions within the endowment fund are those net assets that have not yet been appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Board of Trustees considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purpose of the Organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effects of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- The investment policies of the Organization.
- Other resources of the Organization.

The following tables summarize endowment net asset composition by type of fund:

December 31, 2021

	Without Donor Restrictions	With Donor Restrictions			Total Endowment Funds
		Original Gift	Accumulated Gains	Total	
Donor-restricted endowment funds	\$ -	\$ 4,509,904	\$ 11,938,565	\$ 16,448,469	\$ 16,448,469
Total Endowment Funds	\$ -	\$ 4,509,904	\$ 11,938,565	\$ 16,448,469	\$ 16,448,469

December 31, 2020

	Without Donor Restrictions	With Donor Restrictions			Total Endowment Funds
		Original Gift	Accumulated Gains	Total	
Donor-restricted endowment funds	\$ -	\$ 3,309,669	\$ 10,399,618	\$ 13,709,287	\$ 13,709,287
Total Endowment Funds	\$ -	\$ 3,309,669	\$ 10,399,618	\$ 13,709,287	\$ 13,709,287

Salesian Missions, Inc.

Notes to Financial Statements

Changes in endowment net assets were as follows:

Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets , beginning of year	\$ -	\$ 13,709,287	\$ 13,709,287
Interest and dividend income	-	278,007	278,007
Net depreciation (realized and unrealized)	-	1,702,411	1,702,411
Contributions	-	1,201,400	1,201,400
Amounts appropriated for expenditures	-	(442,636)	(442,636)
Endowment Net Assets , end of year	\$ -	\$ 16,448,469	\$ 16,448,469

Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets , beginning of year	\$ -	\$ 13,577,404	\$ 13,577,404
Interest and dividend income	-	250,309	250,309
Net depreciation (realized and unrealized)	-	1,651,349	1,651,349
Contributions	-	1,165	1,165
Amounts appropriated for expenditures	-	(1,770,940)	(1,770,940)
Endowment Net Assets , end of year	\$ -	\$ 13,709,287	\$ 13,709,287

The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve a total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 3%, while growing the funds if possible. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, which are maintained in perpetuity because of donor-restrictions, and the possible effects of inflation.

Underwater Endowment Funds

The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity, in accordance with the direction of the applicable donor gift instrument. The Organization complies with the NYPMIFA, an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and has interpreted UPMIFA to permit spending from underwater funds, in accordance with the prudent measures required under the law. The Organization has no underwater endowment funds at December 31, 2021 and 2020.

Salesian Missions, Inc.

Notes to Financial Statements

16. Charitable Gift Annuities

Under its Segregated Immediate Charitable Gift Annuity program, the Organization agrees to pay annuitants an actuarially determined sum certain for life in exchange for lump-sum donations from applicable donors. The interest rate used to calculate the fair value of annuity obligations is 1.6% and 0.6% at December 31, 2021 and 2020, respectively, and the 2012 IAR Mortality Table was used to calculate life expectancy. During 2021 and 2020, the Organization recognized \$573,725 and \$602,783, respectively, as contributions derived from its charitable gift annuities program. The Organization is mandated by New York State Insurance Law to keep, as a reserve, an additional 26.5% of its outstanding annuity contracts, which equaled \$1,066,120 and \$1,139,549 at December 31, 2021 and 2020, respectively.

Liabilities associated with these agreements were \$5,134,157 and \$6,086,005 and were included within the current and long-term portion of liabilities as annuity obligations on the accompanying statements of financial position as of December 31, 2021 and 2020, respectively. Assets of the charitable gift annuities of \$13,722,535 and \$12,324,371 were included in cash and cash equivalents, other receivables, and investments in the accompanying statements of financial position at December 31, 2021 and 2020, respectively, as follows:

<i>December 31,</i>	2021	2020
Stocks	\$ 8,397,028	\$ 7,523,881
Foreign and corporate bonds	2,811,746	2,300,085
U.S. Treasuries	1,602,151	1,088,335
Accrued interest	32,039	27,498
Cash and cash equivalents	879,571	1,384,572
	\$ 13,722,535	\$ 12,324,371

Stocks, foreign and corporate bonds, and U.S. Treasuries were classified as Level 1 assets within the fair value hierarchy.

17. Allocation of Joint Costs

For the years ended December 31, 2021 and 2020, the Organization incurred joint costs of \$23,998,064 and \$18,486,133, respectively, for information materials and activities that included fundraising appeals. Of these amounts, for the years ended December 31, 2021 and 2020, the Organization allocated \$4,464,829 and \$3,041,644 to support services, respectively, and \$19,533,235 and \$15,444,489 to program expenses, respectively.

18. Commitments

The Organization had a space lease in New York City that expired on April 30, 2018 and is now month-to-month. The cost of this space lease was based upon the tenants' rental value percentage of the owners' estimated building costs, which is reevaluated annually. The Organization also has several equipment leases, including copiers, a phone system, and a postage meter that expire on various dates through December 31, 2025. The Organization accounts for its space and equipment leases as operating leases. Rent expense for the years ended December 31, 2021 and 2020 was \$72,323 and \$71,151, respectively, and was included in office and occupancy expense in the

Salesian Missions, Inc.

Notes to Financial Statements

accompanying statements of functional expenses. Future minimum annual rental commitments under operating leases are approximately as follows for years subsequent to December 31, 2021:

Year ending December 31,

2022	\$	355,262
2023		289,146
2024		266,834
2025		238,641
Total	\$	1,149,883

19. Paycheck Protection Program Loan

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was enacted. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

The CARES Act also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

During fiscal year 2020, the Organization received \$916,600 from the PPP loan, established by the CARES Act. The application for the PPP funds required the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization. This certification further required the Organization to take into account the business activity and the ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the Organization. The receipt of the PPP funds, and the forgiveness of the loan attendant to those PPP funds, was dependent on the Organization having initially qualified for the loan and qualifying for the forgiveness of such loan based on future adherence to the forgiveness criteria. On February 11, 2021, the total amount of the loan was forgiven.

The Organization has accounted for the loan forgiveness as government grant income as it has met the condition for revenue recognition, which includes no right of return remaining for the year ended December 31, 2021. Accordingly, the PPP loan forgiveness is included in government grants on the statements of activities.

20. Subsequent Events

The Organization evaluated events subsequent to December 31, 2021 through September 29, 2022, the date on which the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosures stated herein.

Supplementary Information

Salesian Missions, Inc.

Schedule of Expenditures of Federal Awards

Year ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
United States (U.S.) Agency for International Development (U.S. AID)				
Ocean Freight Reimbursement	98.003	-	\$ -	\$ 31,167
ASHA* - Don Bosco Sobre Ruedas (Don Bosco on Wheels)	98.006	-	391,041	392,709
ASHA* - Walking Anew - El Salvador	98.006	-	315,560	315,560
ASHA* - Santa Rita de Casia University Hospital - Clinic for Women & Children	98.006	-	129,813	129,813
ASHA* - U.S. Public Diplomacy Salesian Emergency & Recovery response to COVID-19 in Italy	98.006	-	486,874	605,226
Total U.S. Agency for International Development			1,323,288	1,474,475
U.S. State Department (U.S. DOS)				
Overseas Refugee Assistance Programs for Africa: Sunrise Project, Cairo Urban Refugees VI	19.517	-	534,977	612,198
Overseas Refugee Assistance Programs for Africa: Sunrise Project, Cairo Urban Refugees VII	19.517	-	35,258	58,135
Total U.S. State Department			570,235	670,333
Total Expenditures of Federal Awards			\$ 1,893,523	\$ 2,144,808

* ASHA - Foreign Assistance to American Schools and Hospitals Abroad

The accompanying notes are an integral part of this schedule.

Salesian Missions, Inc.

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

1. Basis of Presentation

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

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Organization has a provisional approval to use an indirect cost rate of 17% for all programs for the period January 1, 2021 to December 31, 2021. The reimbursement of indirect costs reflected in the accompanying financial statements as federal grants revenue is subject to final approval by federal grantors and could be adjusted upon the results of these reviews. Management believes that the results of any such adjustments will not be material to the Organization's financial position or change in net assets. The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. Exchange Rate Calculation

The exchange rates used for certain expenditures in the schedule of expenditure of federal awards are based on the average exchange rate at the time the expense is incurred. The schedule of expenditure of federal awards includes the converted expenses from the foreign country local currency to United States Dollars.



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
Salesian Missions, Inc.
New Rochelle, New York

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 Salesian Missions, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2021, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

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 have not been identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of their 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.

BDO USA, LLP

September 29, 2022



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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Trustees
Salesian Missions, Inc.
New Rochelle, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Salesian Missions, Inc.'s (the Organization) 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 each of the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe 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 Organization's compliance with the types of 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 Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization'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 GAAS, *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 types of 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 Organization's compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with GAAS, *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 Organization's compliance with the types of compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization'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 Organization'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 have not been 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.

BDO USA, LLP

September 29, 2022

Salesian Missions, Inc.

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

Section 1. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
98.006	ASHA* - Don Bosco Sobre Ruedas (Don Bosco on Wheels)
98.006	ASHA* - Walking Anew - El Salvador
98.006	ASHA* - Santa Rita de Casia University Hospital - Clinic for Women & Children
98.006	ASHA* - U.S. Public Diplomacy Salesian Emergency & Recovery response to COVID-19 in Italy

*ASHA - Foreign Assistance to American Schools and Hospitals Abroad

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes No

Section 2. Financial Statement Findings

There were no findings related to the financial statements that are required to be reported, in accordance with generally accepted government auditing standards.

Section 3. Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined by 2 CFR 200.516(a)) that are required to be reported.