

**THERESA ALESSANDRA RUSSO
FOUNDATION, INC.
Financial Statements
December 31, 2018**

THERESA ALESSANDRA RUSSO FOUNDATION, INC.
Financial Statements
December 31, 2018

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

**To the Board of Directors of
Theresa Alessandra Russo Foundation, Inc.
Lido Beach, New York**

We have reviewed the accompanying financial statements of Theresa Alessandra Russo Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Foundation's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Grodsky Caporrino + Kaufman". The signature is written in a cursive style.

November 8, 2019

THERESA ALESSANDRA RUSSO FOUNDATION, INC.
Statement of Financial Position

DECEMBER 31, 2018

ASSETS

Cash	\$	427,380
Investments		921,838
Property and equipment - net		27,269

TOTAL ASSETS	\$	1,376,487
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LIABILITIES AND NET ASSETS

TOTAL LIABILITIES	\$	-
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NET ASSETS

Without donor restrictions	1,376,487
With donor restrictions	-

TOTAL NET ASSETS	1,376,487
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TOTAL LIABILITIES AND NET ASSETS	\$	1,376,487
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See accompanying independent accountant's review report and notes to financial statements.

THERESA ALESSANDRA RUSSO FOUNDATION, INC.
Statement of Activities

FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND OTHER REVENUES			
Contributions	\$ 514,820	\$ -	\$ 514,820
Net investment results	(23,078)	-	(23,078)
Theresa Academy of the Performing Arts (TAPA) - registration fees	26,841	-	26,841
TOTAL PUBLIC SUPPORT AND OTHER REVENUES	518,583	-	518,583
FUNCTIONAL EXPENSES			
Program Services:			
Grants	105,300	-	105,300
Theresa Academy of the Performing Arts (TAPA)	277,401	-	277,401
Support Services:			
Fundraising	72,682	-	72,682
General and administrative	25,462	-	25,462
TOTAL FUNCTIONAL EXPENSES	480,845	-	480,845
CHANGE IN NET ASSETS	37,738	-	37,738
NET ASSETS AT BEGINNING OF YEAR	1,338,749	-	1,338,749
NET ASSETS AT END OF YEAR	\$ 1,376,487	\$ -	\$ 1,376,487

See accompanying independent accountant's review report and notes to financial statements.

THERESA ALESSANDRA RUSSO FOUNDATION, INC.
Statement of Functional Expenses

FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services		Support Services		Total
	Grants	TAPA	Fundraising	General & Administrative	
Salaries	\$ -	\$ 178,624	\$ -	\$ -	\$ 178,624
Grants	105,300	-	-	-	105,300
Fundraising	-	-	72,682	-	72,682
Rent	-	38,500	-	-	38,500
Office and supplies expense	-	18,979	-	17,503	36,482
Promotional	-	9,379	-	7,959	17,338
Payroll taxes	-	12,990	-	-	12,990
Insurance	-	10,662	-	-	10,662
Depreciation expense	-	4,480	-	-	4,480
Repairs and maintenance	-	2,434	-	-	2,434
Travel	-	1,353	-	-	1,353
TOTAL FUNCTIONAL EXPENSES	\$ 105,300	\$ 277,401	\$ 72,682	\$ 25,462	\$ 480,845

See accompanying independent accountant's review report and notes to financial statements.

THERESA ALESSANDRA RUSSO FOUNDATION, INC.
Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets \$ 37,738

Adjustment to reconcile change in net assets
to net cash provided by operating activities:

Depreciation 4,480

Net unrealized loss on investments 59,867

Total adjustments 64,347

CASH PROVIDED BY OPERATING ACTIVITIES 102,085

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of marketable securities (34,085)

CASH (USED) IN INVESTING ACTIVITIES (34,085)

NET INCREASE IN CASH 68,000

CASH - BEGINNING 359,380

CASH - ENDING **\$ 427,380**

See accompanying independent accountant's review report and notes to financial statements.

THERESA ALESSANDRA RUSSO FOUNDATION, INC.
Notes to Financial Statements

DECEMBER 31, 2018

NOTE 1 - OPERATIONS

The Theresa Alessandra Russo Foundation, Inc. (the “Foundation”) was founded and incorporated in New York in April 1992. The Foundation honors the memory of Theresa Alessandra Russo by touching the lives of children with special needs and their families. The Foundation fosters each child’s unique abilities through direct support and programs focusing on art, music, dance and recreation. The Theresa Academy of Performing Arts (TAPA) was formed to allow children to register and attend classes taught by teachers which allow students to experience the joy of dance, drama, art and music. TAPA provides after school, respite and interim camp programs to children with special needs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Recently Adopted Accounting Pronouncement - Effective January 1, 2018, the Foundation adopted Accounting Standards Update (ASU) 2016-14, “*Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities.*” The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The changes affecting the Foundation’s financial statements include: (1) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions,” (2) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (3) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (4) presenting investment return net of external and direct expenses, and (5) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

Implementation of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the period presented. The Foundation’s net assets previously reported as unrestricted are now reported as net assets without donor restrictions. The Foundation did not have any temporarily or permanently restricted net assets at December 31, 2017.

- B. Basis of Preparation - The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Foundation’s net assets and changes in net assets are classified and reported as follows:

Net assets without donor restrictions – Net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that are time or purpose restricted, temporary in nature, or maintained in perpetuity. The Foundation does not have any net assets with donor restrictions.

- C. Cash and Cash Equivalents – For purposes of the statement of cash flows, the Foundation considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

THERESA ALESSANDRA RUSSO FOUNDATION, INC.
Notes to Financial Statements

DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- D. Contributions - Contributions are available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, 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 restriction.
- E. Investments - Investments in marketable securities are reported at their readily determinable values in the accompanying statement of financial position. Unrealized gains and losses are included in the net investment results in the accompanying statement of activities.
- F. Property and Equipment - Property and equipment is stated at cost. Improvements and betterments are capitalized and repairs are expensed as incurred. For financial reporting purposes depreciation is recorded using an accelerated method over useful lives of five to fifteen years.
- G. Income Taxes - The Foundation is exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code. Management has concluded that the Foundation has taken no material uncertain tax positions requiring adjustment to or disclosure in the financial statements.
- H. Contributed Services - No amounts have been reflected in the financial statement for contributed services. Many individuals volunteer their time and perform a variety of tasks that assist the Foundation in carrying out its purpose, but these services do not meet the criteria for recognition as contributed services.
- I. Functional Allocation of Expenses - The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Certain costs have been allocated among the programs and supporting services benefited.
- J. 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.
- K. Promotional Costs - The Foundation uses advertising to promote its programs. Advertising costs are expensed as incurred. Promotional costs for the year ended December 31, 2018 were \$17,338.
- L. Recent Accounting Pronouncements - In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*," requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Foundation has not yet selected a transition method and is currently evaluating the effect that the standard will have on its financial statements.

THERESA ALESSANDRA RUSSO FOUNDATION, INC.
Notes to Financial Statements

DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recent Accounting Pronouncements (cont'd) - In June 2018, the FASB issued ASU 2018-08, Not for Profit Entities (Topic 958): “*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.*” This update clarifies the guidance about whether a transfer of assets, including grants, is a contribution or an exchange transaction. In addition, the guidance clarifies the determination of whether a transaction is conditional. ASU 2018-08 is effective for contributions made in fiscal years beginning after December 15, 2019. The Foundation does not expect the standard to have a material impact on its financial statements.

- M. Subsequent Events - The Board of Directors has evaluated subsequent events through November 8, 2019, which is the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.

NOTE 3 - INVESTMENTS

Investments consist of the following at December 31, 2018:

	Amortized Cost	Fair Value
Mutual Funds	\$ 891,156	\$ 921,838

NOTE 4 - FAIR VALUE MEASUREMENTS

ASC 820-10, Fair Value Measurements, establishes a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value into three levels of inputs, which is summarized as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Quoted prices for similar assets or liabilities in active markets.
- Level 3 - Valuation based on inputs that are unobservable, therefore requiring management to develop its own assumptions, such as valuations derived from techniques in which one or more significant drivers are observable

The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its instruments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Fair value measurements for the year ended December 31, 2018 are as follows:

	Total	Level 1	Level 2	Level 3
Mutual Funds	\$ 921,838	\$ 921,838	\$ -	\$ -

THERESA ALESSANDRA RUSSO FOUNDATION, INC.
Notes to Financial Statements

DECEMBER 31, 2018

NOTE 5 - NET INVESTMENT RESULTS

Net investment results for the year ended December 31, 2018 was as follows:

Dividends and interest	\$ 36,789
Net unrealized loss	<u>(59,867)</u>
Total	<u>\$ (23,078)</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2018:

Leasehold improvements	\$ 52,660
Equipment	6,793
Furniture & fixtures	<u>2,215</u>
	61,668
Less: Accumulated depreciation	<u>(34,399)</u>
Total	<u>\$ 27,269</u>

NOTE 7 - CONCENTRATIONS OF RISK

Cash and investments are maintained with financial institutions, which at times may exceed federally insured limits. As of December 31, 2018, the Foundation did not exceed the insured limits. Management believes the Foundation is not exposed to any significant credit risk.

NOTE 8 - COMMITMENTS

The Foundation leases space on a month-to-month basis for its TAPA program from an entity belonging to the Foundation's founder and treasurer.

NOTE 9 - LIQUIDITY

At December 31, 2018, the Foundation has \$1,349,218 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$427,380 and short-term investments of \$921,838. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Foundation has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$80,000. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.