



Certified Public Accountants | Financial and Management Consultants

THERESA ALESSANDRA RUSSO FOUNDATION, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2022

THERESA ALESSANDRA RUSSO FOUNDATION, INC.
Financial Statements
Year Ended December 31, 2022

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INDEPENDENT ACCOUNTANTS' 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, 2022, 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 entity 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.

We are required to be independent of Theresa Alessandra Russo Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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.

Garibaldi CPA, PC

Garden City, NY
November 14, 2023

THERESA ALESSANDRA RUSSO FOUNDATION, INC.
Statement of Financial Position

December 31, 2022

ASSETS

Cash	\$	74,992
Investments		2,599,534
Property and equipment-net		14,048

TOTAL ASSETS	<u>\$</u>	<u>2,688,574</u>
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LIABILITIES AND NET ASSETS

Accrued Payroll	\$	19,469
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NET ASSETS

Without donor restrictions	2,669,105
With donor restrictions	-

TOTAL NET ASSETS	<u>2,669,105</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$</u>	<u>2,688,574</u>
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See accompanying notes to financial statements.
See Independent Accountants' Review Report.

THERESA ALESSANDRA RUSSO FOUNDATION, INC
Statement of Activities

For The Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT-Contributions	\$ 418,893	\$ -	\$ 418,893
FUNCTIONAL EXPENSES			
Program Services:			
Grant Expenses	149,758	-	149,758
Support Services:			
Fundraising	84,149	-	84,149
General and Administrative	66,110	-	66,110
TOTAL FUNCTIONAL EXPENSES	<u>300,017</u>	<u>-</u>	<u>300,017</u>
NET INVESTMENT RESULTS	<u>(454,288)</u>	<u>-</u>	<u>(454,288)</u>
CHANGE IN NET ASSETS	(335,412)	-	(335,412)
NET ASSETS AT BEGINNING OF YEAR	3,004,517	-	3,004,517
NET ASSETS AT END OF THE YEAR	<u><u>\$ 2,669,105</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,669,105</u></u>

See accompanying notes to financial statements.
See Independent Accountants' Review Report.

THERESA ALESSANDRA RUSSO FOUNDATION, INC
Statement of Functional Expenses

For The Year Ended December 31, 2022

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Grants</u>		<u>Fundraising</u>	<u>General & Administrative</u>	
Grants	\$ 149,758		\$ -	\$ -	\$ 149,758
Salaries	-		47,295	15,765	63,060
Fundraising	-		36,854	-	36,854
Promotional	-		-	14,937	14,937
Legal & Professional	-		-	9,137	9,137
Office and supplies expense	-		-	11,458	11,458
Rent	-		-	12,000	12,000
Depreciation	-		-	2,152	2,152
Insurance	-		-	661	661
Total Functional Expenses	\$ 149,758		\$ 84,149	\$ 66,110	\$ 300,017

See accompanying notes to financial statements.
See Independent Accountants' Review Report.

THERESA ALESSANDRA RUSSO FOUNDATION, INC
Statement of Cash Flows

For The Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (335,412)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,152
Unrealized loss on investments	532,637
Realized loss on investments	1,142
Decrease in accounts payable	(23,500)
Decrease in accrued payroll and payroll taxes	(68,000)
	<hr/>
Total adjustments	444,431
	<hr/>
Net cash provided by operating activities	109,019
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(198,157)
Proceeds from sale of investments	8,654
	<hr/>
Net cash used by investing activities	(189,503)
	<hr/>
NET DECREASE IN CASH	(80,484)
CASH - beginning	<hr/> 155,476
CASH - end	<hr/> <hr/> \$ 74,992

See accompanying notes to financial statements.
See Independent Accountants' Review Report.

THERESA ALESSANDRA RUSSO FOUNDATION, INC.
Notes to Financial Statements

For The Year Ended December 31, 2022

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. 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, revenues, expenses, and 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.

- B. 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.
- C. Contributions – The Foundation accounts for contributions in accordance with FASB Accounting Standards Codification Topic 958. 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 increase 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.
- D. 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.

See Independent Accountants’ Review Report

THERESA ALESSANDRA RUSSO FOUNDATION, INC.
Notes to Financial Statements

For The Year Ended December 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- E. 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.
- F. 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.
- G. 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.
- H. Grant Expense – Grants are recorded as an expense when the Foundation makes an unconditional award. Grants awarded were \$149,758 for the year ended December 31, 2022.
- 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, 2022 were \$14,937.
- L. Subsequent Events – The Board of Directors has evaluated subsequent events through November 14, 2023, which is the date the financial statements were available to be issued.

See Independent Accountants' Review Report

THERESA ALESSANDRA RUSSO FOUNDATION, INC.
Notes to Financial Statements

For The Year Ended December 31, 2022

NOTE 3 - RISKS AND UNCERTANTIES

The United States was in the midst of a national health emergency from January 27, 2020 through May 11, 2023, related to a virus commonly known as Novel Coronavirus (COVID-19). While the national health emergency ended on May 11, 2023, Covid-19 is still a significant problem. The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has the potential to result in significant economic impact. Accordingly, management cannot predict the extent to which the Foundation's financial condition and results of operations will be affected.

NOTE 4 - INVESTMENTS

Investments consist of the following as of December 31, 2022:

	Amortized Cost	Fair Value
Mutual fund	\$ 1,457,473	\$ 1,599,362
Exchange traded funds	945,618	1,000,172
Total	<u>\$ 2,403,091</u>	<u>\$ 2,599,534</u>

NOTE 5 - 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.

See Independent Accountants' Review Report

THERESA ALESSANDRA RUSSO FOUNDATION, INC.
Notes to Financial Statements

For The Year Ended December 31, 2022

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value measurements for the year ended December 31, 2022 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 1,599,362	\$ 1,599,362	\$ -	\$ -
Exchange traded	1,000,172	1,000,172	-	-
Total	<u>\$ 2,599,534</u>	<u>\$ 2,599,534</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 6 - NET INVESTMENT RESULTS

Net investment results for the year ended December 31, 2022 are as follows:

Dividends and interest	\$ 79,491
Net unrealized loss	(532,637)
Net realized loss	(1,142)
Total	<u>\$ (454,288)</u>

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2022:

Leasehold improvements	\$ 52,660
Equipment	6,793
Furniture & fixtures	<u>2,215</u>
	61,668
	Less: Accumulated depreciation <u>(47,620)</u>
Total	<u>\$ 14,048</u>

NOTE 8 - CONCENTRATIONS OF RISK

Cash and investments are maintained with financial institutions, which at times may exceed federally insured limits. As of December 31, 2022, the Foundation did not exceed the insured limits. Management believes the Foundation is not exposed to any significant credit risk.

THERESA ALESSANDRA RUSSO FOUNDATION, INC.
Notes to Financial Statements

For The Year Ended December 31, 2022

NOTE 9 - RELATED PARTY TRANSACTIONS

The Foundation leases space on a month-to-month basis from an entity belonging to the Foundation's founder and treasurer. Lease payments amounted to \$12,000 for the year ended December 31, 2022.

The Foundation also reimbursed this entity for processing payroll costs related to the Foundation, in the amount of \$154,560 for the year ended December 31, 2022, of which \$63,060 is included in program services on the accompanying statement of activities. \$91,500 was presented as a reduction of accrued payroll and payroll taxes on the accompanying statement of financial position. As of December 31, 2022, amounts due to this related party are \$19,469 and are included in accounts payable on the accompanying statement of financial position.

NOTE 10 - LIQUIDITY

As of December 31, 2022, the Foundation has \$2,674,256 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$74,992 and short-term investments of \$2,599,534. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures 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 \$50,000. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

See Independent Accountants' Review Report