

SONS OF ITALY FOUNDATION
ORDER SONS OF ITALY IN AMERICA
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2020 AND 2019

SONS OF ITALY FOUNDATION
ORDER SONS OF ITALY IN AMERICA
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Naden/Lean LLC

CPAs and Business Consultants

INDEPENDENT AUDITORS' REPORT

To the Trustees and Officers of the
Sons of Italy Foundation, Order Sons of Italy in America
Washington, DC

We have audited the accompanying financial statements of the Sons of Italy Foundation (a nonprofit organization) which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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.

Auditor's Responsibility

Our responsibility is to express an opinion of these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sons of Italy Foundation as of September 30, 2020 and 2019, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information (pages 18 – 22) 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. The information has been subjected to the auditing procedures applied in the audits of the financial statements and 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 other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Naden/Lean, LLC

Hunt Valley, Maryland
July 28, 2020

SONS OF ITALY FOUNDATION
ORDER SONS OF ITALY IN AMERICA
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - Schedule I	\$ 230,929	\$ 238,254
Inventory - promotional items	232	232
Investments, at market- Schedule II	-	63,316
Prepaid expenses	<u>132,486</u>	<u>64,211</u>
Total Current Assets	<u>363,647</u>	<u>366,013</u>
FIXED ASSETS - AT COST		
Fixed assets - Schedule III	740,667	740,667
Accumulated depreciation	<u>(580,781)</u>	<u>(569,406)</u>
Total Fixed Assets	<u>159,886</u>	<u>171,261</u>
OTHER ASSETS		
Cash and cash equivalents - Schedule I - restricted	1,115,430	-
Interest receivable - restricted	669	1,124
Contributions receivable - restricted	2,500	31,126
Investments, at market- Schedule II - restricted	<u>1,075,831</u>	<u>1,096,701</u>
Total Other Assets	<u>2,194,430</u>	<u>1,128,951</u>
 TOTAL ASSETS	 <u>\$ 2,717,963</u>	 <u>\$ 1,666,225</u>

See Accompanying Notes to Financial Statements

SONS OF ITALY FOUNDATION
ORDER SONS OF ITALY IN AMERICA
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

	2020	2019
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Due to related entities	\$ 13,098	\$ 19,332
Loans payable-current portion	46,721	85,473
PPP loan payable	20,141	-
Accounts payable and accrued expenses	120,550	29,452
Deferred revenue	24,001	-
Total Current Liabilities	<u>224,511</u>	<u>134,257</u>
LONG TERM LIABILITIES		
Loans payable-net of current portion	<u>-</u>	<u>36,902</u>
Total Long Term Liabilities	<u>-</u>	<u>36,902</u>
Total Liabilities	<u>224,511</u>	<u>171,159</u>
NET ASSETS		
Restricted - with donor restrictions		
Permanent	889,687	875,312
Temporarily	<u>1,304,743</u>	<u>253,639</u>
Total Restricted - with donor restrictions	2,194,430	1,128,951
Unrestricted - without donor restrictions	<u>299,022</u>	<u>366,115</u>
Total Net Assets	<u>2,493,452</u>	<u>1,495,066</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,717,963</u>	<u>\$ 1,666,225</u>

See Accompanying Notes to Financial Statements

SONS OF ITALY FOUNDATION
ORDER SONS OF ITALY IN AMERICA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020			2019				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT								
Contributions and grants	\$ 151,882	\$ 1,094,621	\$ 14,375	\$ 1,260,878	\$ 592,849	\$ 191,177	\$ 27,500	\$ 811,526
Fund raising and promotional programs	496,410	-	-	496,410	813,341	-	-	813,341
Interest income	674	-	-	674	604	-	-	604
Net investment return	-	41,683	-	41,683	-	45,423	-	45,423
Rent income	72,000	-	-	72,000	72,000	-	-	72,000
Gain (Loss) on disposal of fixed assets	-	-	-	-	(317)	-	-	(317)
Net Assets Released From Restrictions:								
Satisfaction of program restrictions	85,200	(85,200)	-	-	396,595	(396,595)	-	-
Total Revenues, Gains, and Other Support	806,166	1,051,104	14,375	1,871,645	1,875,072	(159,995)	27,500	1,742,577
EXPENSES								
Program services	336,574	-	-	336,574	692,031	-	-	692,031
Fundraising	334,204	-	-	334,204	625,606	-	-	625,606
General/support & administrative services	202,481	-	-	202,481	210,555	-	-	210,555
Total Expenses	873,259	-	-	873,259	1,528,192	-	-	1,528,192
CHANGE IN NET ASSETS	(67,093)	1,051,104	14,375	998,386	346,880	(159,995)	27,500	214,385
NET ASSETS AT BEGINNING OF YEAR	366,115	253,639	875,312	1,495,066	19,235	413,634	847,812	1,280,681
NET ASSETS AT END OF YEAR	\$ 299,022	\$ 1,304,743	\$ 889,687	\$ 2,493,452	\$ 366,115	\$ 253,639	\$ 875,312	\$ 1,495,066

See Accompanying Notes to Financial Statements

SONS OF ITALY FOUNDATION
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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 998,386	\$ 214,385
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	11,459	13,215
(Gain) Loss on disposal of fixed assets	-	317
Realized/unrealized losses (gains) on investments	(12,693)	(679)
(Increase) decrease in operating assets		
Prepaid expenses	(68,275)	(7,048)
Interest receivable	455	500
Contributions receivable	28,626	1,333
Increase (decrease) in operating liabilities		
Due to related entities	(6,234)	(54,203)
Accounts payable and accrued expenses	91,098	(52,753)
Deferred revenue	24,001	-
Net Cash Provided By (Used In) Operating Activities	<u>1,066,823</u>	<u>115,067</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of certificates of deposit and investments	(265,449)	(407,888)
Maturities/sales of certificates of deposit and investments	362,244	268,290
Purchases of fixed assets	-	(3,452)
Net Cash Provided By (Used In) Investing Activities	<u>96,795</u>	<u>(143,050)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
PPP loan payable-proceeds received	20,141	-
Loans payable-principal paid	(75,654)	(77,188)
Net Cash Provided By (Used In) Financing Activities	<u>(55,513)</u>	<u>(77,188)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,108,105	(105,171)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>238,254</u>	<u>343,425</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,346,359</u>	<u>\$ 238,254</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
DISPOSAL OF FIXED ASSETS		
Sale Price	\$ -	\$ -
Cost	-	2,616
Accumulated depreciation	-	(2,299)
Gain (Loss) on disposal	<u>\$ -</u>	<u>\$ (317)</u>

See Accompanying Notes to Financial Statements

SONS OF ITALY FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
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(1) NATURE OF OPERATIONS

The Sons of Italy Foundation, ("Foundation"), was formed in the early 1900's, granted nonprofit 501(c)(3) tax status in 1930, and the trust document was amended in 1959. The nonprofit organization supports various charitable, medical, and educational programs through its fund raising activities.

Description of Major Programs:

Cooley's Anemia

Cooley's Anemia is a genetic blood disease attacking mostly individuals of Italian and Greek heritage. The goal of this program is to fund health education and medical research to find new treatments or a cure for this life-shortening disease. The Foundation supports the Cooley's Anemia Foundation, which is a nonprofit organization committed to these goals.

National Education Leadership Awards/Scholarship Program

The National Education Leadership Awards/Scholarship program is a scholarship program established to provide academic scholarships for higher education. This program has raised permanent funding, as discussed in Note 5, to provide annual scholarships through their National Leadership Grants program. The program also supports grants for various other educational programs.

Disaster Relief

The purpose of this program is to establish an available emergency fund to provide assistance for victims of natural disasters. The Foundation has provided funds for medical supplies, housing and relief efforts for various floods, earthquakes, hurricanes and famine that have plagued victims all over the world. The Foundation has recently supported relief efforts for Hurricane Katrina, Italy earthquakes and "911" victims and memorial fund.

Alzheimer's

The goal of this program is to support medical research and treatment of the disease Alzheimer's by providing support to the Alzheimer's Foundation, a nonprofit organization.

Garibaldi-Meucci Museum

The Garibaldi-Meucci Museum is located in Staten Island, N.Y. and is operated to preserve the history and promote the culture of Americans of Italian descent. The museum is open to the public and provides cultural and educational programs. The museum owns the building with an estimated fair market value of \$565,000. The museum also has collectibles of artwork, furniture, books and other memorabilia, which have not been appraised.

Other Medical Research and Charitable Programs Supported

The Foundation also started fund raising to support various other medical research and charitable campaigns. Donations have been made for Cancer, Autism, Wounded Veterans, and various other nonprofit organizations to support medical research and other philanthropic projects.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

For purposes of the statement of cash flows, the Foundation considers checking and money market accounts with an original maturity of three months or less to be "cash and cash equivalents". Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. The Foundation may at times throughout the year maintain cash balances in accounts with financial institutions which are in excess of federally insured limits. The Foundation believes the associated risk has been mitigated by maintaining cash balances in high quality financial institutions.

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(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Inventory

Inventory of promotional items is recorded at cost using the first-in, first-out method. A perpetual inventory system is utilized and a physical count is performed annually at the Organization's fiscal year-end.

Contributions receivable

Contributions receivable represent monies due from contributors obtained from the National Education Leadership Awards fundraising dinner based on unconditional promises to give. Amounts are reflected in the accompanying statement of financial position as current assets if they represent unrestricted unconditional promises to give and as other assets if their use has been restricted by the donor. All amounts are considered fully collectible. Accordingly, no allowance for doubtful accounts is required.

Fixed assets

Fixed assets are stated at cost. Expenditures for maintenance, repairs and renewals are charged against income when incurred. Expenditures for additions, improvements and replacements individually costing more than \$500 are added to fixed asset accounts and depreciated over their estimated useful lives. When assets are retired or sold, the related costs and accumulated depreciation are removed from the accounts, and any gain or loss on disposition is recognized as income. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range as follows:

	<u>Years</u>
Buildings and Improvements	10 - 40
Furniture and Equipment	5 - 7

Depreciation expense amounted to \$11,375 and \$13,131 for the years ended September 30, 2020 and 2019, respectively.

Restricted cash and investments

As of September 30, 2020 and 2019, cash, various certificates of deposit and investments have been shown as restricted for permanent and temporarily restricted purposes in accordance with donors requests.

Reclassifications

Certain prior year amounts may have been reclassified to conform to the September 30, 2020 presentation.

Restricted and unrestricted revenue-with and without donor restrictions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of donor imposed restrictions.

The Foundation reports grants and contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the time period or manner of use of the contribution. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions are permanently restricted by the donor. Investment earnings available for distribution are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

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(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Promises to give

Unconditional promises to give are recognized as revenue or gains in the period the promises are received, and as assets, or decreases of liabilities or expenses depending on the form of the benefits received. Unconditional promises to give due in the next year are recorded at their current value which is considered equal to their net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in ASC 958, formerly, Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Entities. Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Income taxes

The Foundation is exempt from tax under Section 501(c) (3) of the Internal Revenue Code. The Foundation files Form 990 - Return of Organization Exempt from Income Taxes with the Internal Revenue Service on an annual basis. Accordingly, no provision for income taxes is provided in these financial statements. The Financial Accounting Standards Board (FASB) issued FASB ASC 740-10 (formerly FASB Interpretation No. (FIN) 48) "Accounting for Uncertainty in Income taxes", an interpretation of FASB Statement No. 109 that clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Foundation's income tax returns. The Foundation has adopted this standard. The Foundation's income tax filings are subject to audit by the Internal Revenue Service. Open audit periods are the fiscal years ending September 30, 2017, through 2020. The adoption of FASB ASC 740-10 had no material effect on the financial statements for the years ended September 30, 2020 and 2019.

Use of estimates in the preparation of financial statements

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allocation of expenses

The costs of providing the Foundation's various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Schedules of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services.

Investments

The Foundation's investments represent investments in stocks, mutual funds, notes and bonds which are stated at market value as determined by quoted prices in active markets. Adjustments to reflect market value fluctuations have been reported on the statement of activities in the period in which the fluctuations occurred.

FASB issued ASU 2016-14, Not-for-Profit Entities. Presentation of Financial Statements of Not-for-Profit Entities to address the understandability of net asset classification, information about liquidity and availability of resources. Financial assets of cash, investments, and accounts receivable, less donor restrictions of \$230,929 are available to meet general expenditures over the next twelve months.

SONS OF ITALY FOUNDATION
ORDER SONS OF ITALY IN AMERICA
NOTES TO FINANCIAL STATEMENTS
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(3) INVESTMENTS

Investments are stated at fair market value and are summarized as follows as of September 30, 2020 and 2019:

2020

	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury Bonds/Bills	\$ 75,210	\$ 87,451
Equities and bonds	663,427	732,048
Mortgage receivable	46,721	46,721
Money Funds/Cash Funds	209,611	209,611
Totals	<u>\$ 994,969</u>	<u>\$ 1,075,831</u>

2019

	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury Bonds	\$ 174,771	\$ 188,082
Equities and bonds	592,106	640,859
Mortgage receivable	122,375	122,375
Money Fund/Cash Fund	208,701	208,701
Totals	<u>\$ 1,097,953</u>	<u>\$ 1,160,017</u>

The following schedules summarize the investment return and its classification in the statements of activities for the years ended September 30, 2020 and 2019:

2020

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest & dividend income	\$ -	\$ 28,990	\$ -	\$ 28,990
Unrealized gains/ (losses) on investments	-	18,798	-	18,798
Realized gains/ (losses) on investments	-	(6,105)	-	(6,105)
Net Investment Return	<u>\$ -</u>	<u>\$ 41,683</u>	<u>\$ -</u>	<u>\$ 41,683</u>

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(3) INVESTMENTS, continued

	2019			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest & dividend income	\$ -	\$ 44,744	\$ -	\$ 44,744
Unrealized gains/ (losses) on investments	-	(1,115)	-	(1,115)
Realized gains/ (losses) on investments	-	1,794	-	1,794
Net Investment Return	<u>\$ -</u>	<u>\$ 45,423</u>	<u>\$ -</u>	<u>\$ 45,423</u>

Investment fees and bond premiums have been expensed in the accompanying Statements of Activities.

(4) FIXED ASSETS

Fixed assets, at cost, less accumulated depreciation are summarized as follows at September 30, 2020 and 2019:

	2020	2019
Building and improvements	\$ 635,152	\$ 635,152
Furniture and fixtures	<u>105,515</u>	<u>105,515</u>
Total fixed assets	740,667	740,667
Less: accumulated depreciation	<u>580,781</u>	<u>569,406</u>
Total Fixed Assets - At Cost	<u>\$ 159,886</u>	<u>\$ 171,261</u>

SONS OF ITALY FOUNDATION
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(5) PERMANENTLY RESTRICTED NET ASSETS – WITH DONOR RESTRICTIONS

Permanently restricted net assets represent endowed contributions, which are to be held indefinitely. The earnings from these assets can be utilized, in accordance with donor imposed stipulations, by the organization to provide scholarships. The following are the perpetual scholarship balances as of September 30, 2020 and 2019:

	2020	2019
Giulia Besozzi	\$ 14,250	\$ 14,250
Boncore Family	25,000	25,000
Cappellotti Family	18,000	18,000
Carlone Family	10,000	10,000
Lou Carnesecca	10,000	10,000
DeNunzio Family	25,000	25,000
Esposito Family	10,000	10,000
Charles Evans Foundation	250,000	250,000
Simone Giuffrida	14,000	14,000
Giovanni Glessi	15,000	15,000
George Graziadio	100,000	100,000
Polo Family	20,000	20,000
Frank Privitera	121,875	107,500
Henry Salvatori	75,000	75,000
Pietro Secchia	100,000	100,000
Dr. Vincenzo Sellaro	16,000	16,000
George Spatuzza	31,000	31,000
Angelo Tomasso, Sr.	34,562	34,562
Total Perpetual Scholarships	<u>\$ 889,687</u>	<u>\$ 875,312</u>

(6) TEMPORARILY RESTRICTED NET ASSETS – WITH DONOR RESTRICTIONS

Temporarily restricted net assets are comprised of contributions or earnings whose use by the Foundation is limited by donor-imposed stipulations. These stipulations require that the funds may only be used by the organization to provide scholarships and grants for specific programs. The following are the temporarily restricted amounts as of September 30, 2020 and 2019:

	2020	2019
Scholarship/Educational	\$1,270,928	\$ 199,531
Cooley's Anemia Foundation	1,610	1,355
Alzheimers' Foundation	2,264	1,516
Cancer Foundation	2,812	27,812
Other Programs	7,704	10,146
Disaster Relief	19,425	13,279
Total	<u>\$1,304,743</u>	<u>\$ 253,639</u>

SONS OF ITALY FOUNDATION
ORDER SONS OF ITALY IN AMERICA
NOTES TO FINANCIAL STATEMENTS
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(7) GRANTS AND DONATIONS

The following were the grants and donations made during the years ended September 30, 2020 and 2019:

	2020	2019
Cooley's Anemia	\$ -	\$ 65,114
Garibaldi-Meucci Museum	10,250	7,524
Cancer Foundations	25,000	-
Brumidi Statue	5,000	-
Saint Padre Pio Foundation	2,500	-
Disaster Relief	-	200,000
Commission for Social Justice	-	13,000
National Leadership Scholarships	79,000	70,000
Help Our Military Heroes Foundation	20,000	20,000
Alzheimer's Foundation	-	60,936
Autism Foundation	-	39,937
Army Historical Society Foundation	-	2,500
Columbus Citizens Foundation	10,000	10,000
Multiple Sclerosis Society	-	5,000
Others	9,351	450
Total Grants/Donations Paid	<u>\$ 161,101</u>	<u>\$ 494,461</u>

(8) FUND RAISING

The following is a summary of the fund raising and promotional program revenues and expenses for the years ended September 30, 2020 and 2019:

	2020	2019
Revenues:		
Mail solicitation	\$ 478,929	\$ 521,787
NLG/NELA Income/Affinity programs		
Patron Ads / Events	<u>17,481</u>	<u>291,554</u>
Total Revenues	<u>496,410</u>	<u>813,341</u>
Expenses:		
NLG /NELA expenses	49,839	296,264
Mail solicitation costs	245,813	285,520
Promotional items, gifts, awards, legal		
Video and other expenses	<u>38,552</u>	<u>43,822</u>
Total Expenses	<u>334,204</u>	<u>625,606</u>
Fund Raising – Net	<u>\$ 162,206</u>	<u>\$ 187,735</u>

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(9) RELATED PARTY TRANSACTIONS

The Foundation is associated, through some common Directors, Officers, Trustees and members, with the Order Sons of Italy In America (OSIA) - Supreme Lodge and the Commission for Social Justice (CSJ).

The Foundation shares common offices, with OSIA and the CSJ, in a building owned by the Foundation. OSIA paid rent to the Foundation for the years ended September 30, 2020 and 2019 at a rate of \$5,000 per month. OSIA's rent expense for the years ended September 30, 2020 and 2019 was \$60,000 for each year, which has been included in the statements of activities as rent income. CSJ paid rent to the Foundation for the years ended September 30, 2020 and 2019 at a rate of \$1,000 per month. CSJ's rent expense for the years ended September 30, 2020 and 2019 was \$12,000 for each year, which also has been included in the statements of activities as rent income. There is no term on the lease, and rent is determined by the Foundation annually.

OSIA provides the Foundation with services of the National Office staff personnel. Partial salary and related payroll taxes for the National Office staff personnel are reimbursed by the Foundation to OSIA at cost. The salary reimbursements for the years ended September 30, 2020 and 2019 was \$103,167 and \$99,892, respectively. These expenses are shown as salary and payroll taxes on the schedule of activities. The Foundation also reimburses the OSIA Lodge for its share of postage at cost. Records are maintained of the usage for the reimbursement. The amount of postage used and charged to expense for the years ended September 30, 2020 and 2019 was \$2,227 and \$2,566, respectively.

The amount due from (to) related entities, OSIA and CSJ, as of September 30, 2020 and 2019 was (\$14,675) and (\$4,657) respectively, and relates to the settlement of the above allocations of salaries, and postage as well as convention, rent and other expenses. The reimbursements are usually paid within 90 days from the date the expenses are incurred or billed.

(10) LOANS PAYABLE/PPP LOAN PAYABLE

In April 2012 the building improvement mortgage loan for \$468,148 was purchased by the scholarship endowment fund from the prior lender. The loan was modified in 2012, carries an interest rate of 2.72%, and required annual principal and interest payments of \$23,028 until maturity in April 2042. The loan could be extended, or paid off at any time without penalty or fees. The loan is secured by the building. Interest expense for the years ended September 30, 2020 and 2019 were \$2,354 and \$4,164, respectively. The balance of the loan payable as of September 30, 2020 and 2019 was \$46,721 and \$122,375, respectively. Due to making additional elective principal payments, the final payment was in April 2021. Based on the current additional payments, the revised future maturities of the loan for the years ended September 30, 2021 is \$46,721. The elective payments are not required by the loan, and can be modified any time.

A loan was obtained from the website company on October 1, 2016 to develop a new website with the other entities. The Foundation portion of the loan is \$13,860, has an interest rate of 2.899%, and requires monthly principal and interest payments of \$480 until maturity in April 2019. Interest expense for the year ended September 30, 2020 and 2019 was \$- and \$32, respectively. The balance of the loan as of September 30, 2020 and 2019 was \$- and \$3,324, respectively.

On May 7, 2020 the Organization received loan proceeds in the amount of \$20,141 under the Paycheck Protection Program ("PPP"). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). Under the regulations forgiven expenses and 1% interest are deductible, and cancellation/forgiveness of loan is not taxable income. Eligible expenses were paid and expensed during the current and subsequent fiscal years. The loan was forgiven by SBA on April 15, 2021.

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ORDER SONS OF ITALY IN AMERICA
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(11) ENDOWMENT

The Foundation's endowment is funds established as part of the scholarship program. The endowment includes only donor temporarily and permanently restricted funds. As required by generally accepted accounting principles, net assets associated with the endowment fund are classified and reported based on the existence or absence of donor imposed restrictions.

Interpretation of Relevant Law

The Board of Directors has interpreted the State Prudent Management of Institutional Funds Act as made law in Washington, DC (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of 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 donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the endowment fund;
- The purposes of the Organization and the endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- The investment policy of the Organization.

Endowment Net Asset Composition by Type of Fund as of September 30, 2020:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ -	\$ 186,144	\$ 889,687	\$ 1,075,831
Board designated endowment funds	-	-	-	-
	<u>\$ -</u>	<u>\$ 186,144</u>	<u>\$ 889,687</u>	<u>\$ 1,075,831</u>

Endowment Net Asset Composition by Type of Fund as of September 30, 2019:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ -	\$ 221,389	\$ 875,312	\$ 1,096,701
Board designated endowment funds	-	-	-	-
	<u>\$ -</u>	<u>\$ 221,389</u>	<u>\$ 875,312</u>	<u>\$ 1,096,701</u>

SONS OF ITALY FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
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(11) ENDOWMENT, CONTINUED

Changes in Endowment Net Assets for the Years Ended September 30, 2019 and 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, September 30, 2018	\$ -	\$ 172,012	\$ 847,812	\$ 1,019,924
Investment return :				
Interest and dividends paid	-	44,744	-	44,744
Realized gain/(loss)	-	1,794	-	1,794
Unrealized gain/(loss)	-	(1,115)	-	(1,115)
Total investment return	-	45,423	-	45,423
Contributions	-	29,057	27,500	56,557
Appropriation of endowment assets for expenditure	-	(25,103)	-	(25,103)
Transfers to create board designated endowment funds	-	-	-	-
Endowment net assets, September 30, 2019	\$ -	\$ 221,389	\$ 875,312	\$ 1,096,701
Investment return :				
Interest and dividends paid	-	28,990	-	28,990
Realized gain/(loss)	-	(6,105)	-	(6,105)
Unrealized gain/(loss)	-	18,798	-	18,798
Total investment return	-	41,683	-	41,683
Contributions	-	-	14,375	14,375
Appropriation of endowment assets for expenditure	-	(76,928)	-	(76,928)
Transfers to create board designated endowment funds	-	-	-	-
Endowment net assets, September 30, 2020	\$ -	\$ 186,144	\$ 889,687	\$ 1,075,831

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(11) ENDOWMENT, CONTINUED

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets (endowment only)

	2020	2019
Permanently restricted net assets:		
Perpetual endowment funds required to be retained permanently by explicit donor stipulation	\$ 889,687	\$ 875,312
	<u> </u>	<u> </u>
Total endowment funds classified as permanently restricted net assets	<u>\$ 889,687</u>	<u>\$ 875,312</u>
Temporarily restricted net assets:		
Term endowment funds	\$ -	\$ -
Portion of perpetual endowment funds subject to a time restriction under SPMIFA:		
(1) Without purpose restrictions	\$ -	\$ -
(2) With purpose restrictions	\$ 186,144	\$ 221,389
	<u> </u>	<u> </u>
Total endowment funds classified as temporarily restricted net assets	<u>\$ 186,144</u>	<u>\$ 221,389</u>

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature, that are reported in unrestricted net assets, were \$0 as of September 30, 2020 and 2019.

Return objective and risk parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to support operations while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Foundation must hold in perpetuity or for a donor specified period and unrestricted funds that may be used for general operations. Under this policy, as approved by the Board, the endowment assets are invested in a manner that seeks to balance real capital growth with income and principal stability.

Strategies employed for achieving objectives

To satisfy its long term objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places equal emphasis on equity based investments and bond based investments in order to achieve its long term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy

To the greatest extent possible, the Foundation wishes to preserve the historic dollar value of the endowment fund by limiting distributions to endowment fund earnings. This is consistent with the Foundation's objective of holding assets for the Foundation's exclusive use that are not wholly expendable on a current basis under the terms of the investment policy.

SONS OF ITALY FOUNDATION
ORDER SONS OF ITALY IN AMERICA
NOTES TO FINANCIAL STATEMENTS
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(12) FAIR VALUE MEASUREMENTS

Fair Values Measured on Recurring Basis

Fair values of assets measured on a recurring basis at September 30, 2020 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 1,075,831	\$ 1,029,110	\$ 46,721	\$ -
Building and Improvements	2,900,000	-	2,900,000	-
Total Assets	<u>\$ 3,975,831</u>	<u>\$ 1,029,110</u>	<u>\$ 2,946,721</u>	<u>\$ -</u>

Fair values of assets measured on a recurring basis at September 30, 2019 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 1,160,017	\$ 1,037,642	\$ 122,375	\$ -
Building and Improvements	2,900,000	-	2,900,000	-
Total Assets	<u>\$ 4,060,017</u>	<u>\$ 1,037,642</u>	<u>\$ 3,022,375</u>	<u>\$ -</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

The Foundation has a number of other financial instruments, none of which are held for trading purposes. The Foundation estimates that the fair value of all financial instruments at September 30, 2020 and 2019, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Foundation using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Foundation could realize in a current market exchange. All receivables, payables and liabilities are deemed to have a fair market value equal to their respective book values.

(13) SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 28, 2021, the date which the financial statements were available for use.

SUPPLEMENTARY INFORMATION

SONS OF ITALY FOUNDATION
ORDER SONS OF ITALY IN AMERICA
SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020				2019			
	Program Services	Fund Raising	General/ Support & Administrative Services	Total	Program Services	Fund Raising	General/ Support & Administrative Services	Total
Accounting / payroll	\$ -	\$ -	\$ 66,640	\$ 66,640	\$ -	\$ -	\$ 62,464	\$ 62,464
Amortization - bond premiums	-	-	84	84	-	-	84	84
Bad debt expense	-	-	1,000	1,000	-	-	16,860	16,860
Bank charges	-	-	2,758	2,758	-	-	6,266	6,266
Building maintenance and utilities	-	-	37,278	37,278	-	-	35,929	35,929
Depreciation	-	-	11,375	11,375	-	-	13,131	13,131
Dues and publications	250	-	250	250	250	-	-	250
Fund raising expenses	81,938	325,995	-	407,933	95,174	615,127	-	710,301
Gifts and awards	-	-	-	-	135	-	-	135
Grants and donations	161,101	-	-	161,101	494,461	-	-	494,461
Insurance	-	-	17,124	17,124	-	-	12,864	12,864
Interest	-	-	2,354	2,354	-	-	4,196	4,196
Legal	-	8,209	-	8,209	-	10,479	-	10,479
Investment fees	-	-	6,071	6,071	-	-	5,103	5,103
Meetings, travel, and convention	-	-	-	-	9,301	-	-	9,301
Office expenses	4,669	-	1,241	5,910	6,243	-	1,279	7,522
Payroll taxes	5,267	-	1,400	6,667	6,454	-	1,322	7,776
Postage and delivery	1,759	-	468	2,227	2,130	-	436	2,566
Printing and publications	966	-	-	966	385	-	-	385
Professional fees / consulting	3,267	-	-	3,267	-	-	3,319	3,319
Real property tax	-	-	33,971	33,971	-	-	31,293	31,293
Salaries - other	76,114	-	20,386	96,500	76,343	-	15,773	92,116
Telephone	1,243	-	331	1,574	1,155	-	236	1,391
Totals	\$ 336,574	\$ 334,204	\$ 202,481	\$ 873,259	\$ 692,031	\$ 625,606	\$ 210,555	\$ 1,528,192

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SONS OF ITALY FOUNDATION
ORDER SONS OF ITALY IN AMERICA
CASH AND CASH EQUIVALENTS - SCHEDULE I
SEPTEMBER 30, 2020 AND 2019

	Rate	Maturity	2020	2019
Cash and Cash Equivalents:				
Checking	Various	N/A	\$ 1,256,799	\$ 73,741
Money Market	Various	N/A	<u>89,560</u>	<u>164,513</u>
Total Cash and Cash Equivalents			<u>\$ 1,346,359</u>	<u>\$ 238,254</u>
Cash and Cash Equivalents - Restricted			\$ 1,115,430	\$ -
Cash and Cash Equivalents - Unrestricted			<u>230,929</u>	<u>238,254</u>
Total Cash and Cash Equivalents			<u>\$ 1,346,359</u>	<u>\$ 238,254</u>

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SONS OF ITALY FOUNDATION
ORDER SONS OF ITALY IN AMERICA
INVESTMENTS AT MARKET - SCHEDULE II
SEPTEMBER 30, 2020 AND 2019

	Rate	Maturity	COST	
			2020	2019
US Treasury Bond - (Including premium of \$294 and \$378 respectively)	7.125%	02/15/23	\$ 75,210	\$ 75,294
US Treasury Bill	2.12%	10/31/19	-	99,477
Cadaret Grant-Reserve/Cash Funds	Various	N/A	209,611	208,701
Mortgage Receivable	2.72%	04/01/42	46,721	122,375
Morgan Stanley Smith Barney-Equities and Bonds	Various	N/A	641,528	566,644
Vanguard - Equity funds	Various	N/A	<u>21,899</u>	<u>25,462</u>
 Total Investments, at Cost			<u>\$ 994,969</u>	<u>\$ 1,097,953</u>
 Unrealized Gain (Loss) on investments			<u>80,862</u>	<u>62,064</u>
 Total Investments, at Market			<u>\$ 1,075,831</u>	<u>\$ 1,160,017</u>
 Investments - Restricted			\$ 1,075,831	\$ 1,096,701
Investments - Unrestricted			<u>-</u>	<u>63,316</u>
 Total Investments, at Market			<u>\$ 1,075,831</u>	<u>\$ 1,160,017</u>

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SONS OF ITALY FOUNDATION
ORDER SONS OF ITALY IN AMERICA
FIXED ASSETS AND DEPRECIATION - SCHEDULE III
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	ASSETS				
	Balance 10/01/19	Additions	Disposals	Balance 09/30 2020	Balance 09/30 2019
Museum Improvements	\$ 28,105	\$ -	\$ -	\$ 28,105	\$ 28,105
Museum Equipment	733	-	-	733	733
National Office Building & Improvements	607,047	-	-	607,047	607,047
Furniture and Equipment	<u>104,782</u>	<u>-</u>	<u>-</u>	<u>104,782</u>	<u>104,782</u>
Totals	<u>\$ 740,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 740,667</u>	<u>\$ 740,667</u>

ACCUMULATED DEPRECIATION

	Balance 10/01/19	Current Depreciation	Disposals	Balance 09/30 2020	Balance 09/30 2019
Museum Improvements	\$ 28,105	\$ -	\$ -	\$ 28,105	\$ 28,105
Museum Equipment	733	-	-	733	733
National Office Building & Improvements	449,405	7,255	-	456,660	449,405
Furniture and Equipment	<u>91,163</u>	<u>4,120</u>	<u>-</u>	<u>95,283</u>	<u>91,163</u>
Totals	<u>\$ 569,406</u>	<u>\$ 11,375</u>	<u>\$ -</u>	<u>\$ 580,781</u>	<u>\$ 569,406</u>

NET CARRYING AMOUNT

	Balance 09/30 2020	Balance 09/30 2019
National Office Building & Improvements	\$ 150,387	\$ 157,642
Furniture and Equipment	<u>9,499</u>	<u>13,619</u>
Total	<u>\$ 159,886</u>	<u>\$ 171,261</u>

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SONS OF ITALY FOUNDATION
ORDER SONS OF ITALY IN AMERICA
RECONCILIATION TO FEDERAL TAX REPORTING - FORM 990
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

The following is a reconciliation of the financial statement revenues, expenses and change in net assets to the tax return Form 990 for the years ended September 30,:

	2020		
	Revenue	Expenses	Change in Net Assets
Totals Per Financial Statement	\$ 1,871,645	\$ 873,259	\$ 998,386
Unrealized Loss (Gains) on Investments	(18,798)	-	(18,798)
Direct Expenses Shown as Reduction in Income:			
Rental Expenses	(40,003)	(40,003)	-
Fund Raising Expenses	<u>(49,839)</u>	<u>(49,839)</u>	<u>-</u>
Totals Per Tax Return - Form 990	<u>\$ 1,763,005</u>	<u>\$ 783,417</u>	<u>\$ 979,588</u>

	2019		
	Revenue	Expenses	Change in Net Assets
Totals Per Financial Statement	\$ 1,742,577	\$ 1,528,192	\$ 214,385
Unrealized Losses (Gains) on Investments	1,115	-	1,115
Direct Expenses Shown as Reduction in Income:			
Rental Expenses	(37,939)	(37,939)	-
Fund Raising Expenses	<u>(296,264)</u>	<u>(296,264)</u>	<u>-</u>
Totals Per Tax Return - Form 990	<u>\$ 1,409,489</u>	<u>\$ 1,193,989</u>	<u>\$ 215,500</u>

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