

XAVIER MISSION, INC.

FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

XAVIER MISSION, INC.

AUGUST 31, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Members
Xavier Mission, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Xavier Mission, Inc. ("Organization"), a New York nonprofit organization, which comprise the statement of financial position as of August 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit 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 auditors consider internal control relevant to the Organization'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 Organization'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 Xavier Mission, Inc. as of August 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The Organization adopted Financial Accounting Standards Board Accounting Standards Update, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2, during the year ended August 31, 2019. Our opinion is not modified with respect to this matter.

Prior-period Financial Statements

The financial statements of Xavier Mission, Inc. as of August 31, 2018, were audited by other auditors whose report, dated March 8, 2019, expressed an unmodified opinion on those statements.

Sobel & Co., LLC

Certified Public Accountants

Livingston, New Jersey
March 12, 2020

XAVIER MISSION, INC.
STATEMENTS OF FINANCIAL POSITION

	August 31,	
	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash	\$ 110,331	\$ 172,783
NONCURRENT ASSETS:		
Property and equipment, net	46,135	47,970
Total Assets	<u>\$ 156,466</u>	<u>\$ 220,753</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 63,049	\$ 67,176
Deferred grant income	24,000	49,000
Total Liabilities	<u>87,049</u>	<u>116,176</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions	69,417	104,577
Total Liabilities and Net Assets	<u>\$ 156,466</u>	<u>\$ 220,753</u>

XAVIER MISSION, INC.**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	Year Ended August 31, 2019			Year Ended August 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 237,745	\$ 31,500	\$ 269,245	\$ 249,607	\$ 57,088	\$ 306,695
Mission collections	24,788	-	24,788	18,487	3,149	21,636
Special events	261,147	-	261,147	110,605	-	110,605
In-kind food donations	119,702	-	119,702	117,623	-	117,623
Foundation and private grants	82,887	68,360	151,247	37,500	183,502	221,002
Government grants	121,912	-	121,912	117,902	-	117,902
Interest income	1,016	-	1,016	9	-	9
Net assets released from restriction	99,860	(99,860)	-	243,739	(243,739)	-
Total Support and Revenue	949,057	-	949,057	895,472	-	895,472
EXPENSES:						
Program services	782,417	-	782,417	665,325	-	665,325
Fundraising	85,373	-	85,373	74,562	-	74,562
Management and general	116,427	-	116,427	105,922	-	105,922
Total Expenses	984,217	-	984,217	845,809	-	845,809
CHANGES IN NET ASSETS	(35,160)	-	(35,160)	49,663	-	49,663
NET ASSETS, Beginning of year	104,577	-	104,577	54,914	-	54,914
NET ASSETS, End of year	\$ 69,417	\$ -	\$ 69,417	\$ 104,577	\$ -	\$ 104,577

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

XAVIER MISSION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended August 31, 2019				Year Ended August 31, 2018			
	Program Services	Fundraising	Management and General	Total Expenses	Program Services	Fundraising	Management and General	Total Expenses
Salaries and payroll taxes	\$ 246,217	\$ 46,943	\$ 35,207	\$ 328,367	\$ 212,271	\$ 43,553	\$ 38,763	\$ 294,587
Fringe benefits	33,829	3,357	17,038	54,224	19,013	4,160	12,229	35,402
Meals and beverages	311,958	-	-	311,958	300,837	-	-	300,837
Financial assistance to clients	106,181	-	-	106,181	64,302	-	-	64,302
Communications	1,336	-	3,054	4,390	1,201	-	2,191	3,392
Local transportation assistance	7,839	-	2,472	10,311	9,802	-	492	10,294
Office supplies	132	-	7,510	7,642	105	-	7,356	7,461
Postage	-	9	1,083	1,092	-	-	1,430	1,430
Processing fees	-	-	6,033	6,033	-	-	4,556	4,556
Accounting and auditing	-	-	24,483	24,483	-	-	19,164	19,164
Professional fees	19,329	16,414	525	36,268	15,269	-	4,541	19,810
Program supplies	33,878	-	-	33,878	27,677	-	-	27,677
Special events expense	-	18,650	-	18,650	-	26,849	-	26,849
Repairs and maintenance	18,218	-	693	18,911	10,818	-	-	10,818
Participant stipends	3,500	-	-	3,500	4,030	-	-	4,030
Total Expenses before Depreciation	782,417	85,373	98,098	965,888	665,325	74,562	90,722	830,609
Depreciation	-	-	18,329	18,329	-	-	15,200	15,200
Total Expenses	\$ 782,417	\$ 85,373	\$ 116,427	\$ 984,217	\$ 665,325	\$ 74,562	\$ 105,922	\$ 845,809

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

XAVIER MISSION, INC.
STATEMENTS OF CASH FLOWS

	Year Ended August 31,	
	2019	2018
CASH FLOWS (USED FOR) PROVIDED BY:		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ (35,160)	\$ 49,663
Adjustments to reconcile changes in net assets to net cash (used for) provided by operating activities:		
Depreciation	18,329	15,200
Changes in operating assets and liabilities:		
Grants receivable	-	25,000
Accounts payable and accrued expenses	(4,127)	21,430
Deferred grant income	(25,000)	49,000
Net Cash (Used for) Provided by Operating Activities	<u>(45,958)</u>	<u>160,293</u>
<u>INVESTING ACTIVITIES:</u>		
Purchase of property and equipment	<u>(16,494)</u>	<u>(4,921)</u>
NET (DECREASE) INCREASE IN CASH	(62,452)	155,372
CASH		
Beginning of year	<u>172,783</u>	<u>17,411</u>
End of year	<u><u>\$ 110,331</u></u>	<u><u>\$ 172,783</u></u>

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 1 - NATURE OF ORGANIZATION:

Founded in 2012, Xavier Mission, Inc. (“Organization”) is a not-for-profit organization committed to serving the community through the provision of social services to the homeless, poor and those in need of material and human support, including:

- Providing food to individuals and families in order to address the immediate needs of hunger;
- Providing casual and business clothing, and personal hygiene products to individuals in order to meet their basic daily hygiene needs, as well as to assist individuals in seeking employment;
- Providing emergency overnight shelter as a member of the Emergency Shelter Network of Faith Based Communities and Congregations in conjunction with the New York City department of Homeless Services;
- Conducting life-skills training programs for homeless individuals in order to assist them in successfully transitioning from homelessness to permanent housing; and,
- Providing assistance with basic financial needs to struggling families and individuals.

The Organization has an office in New York City and is supported primarily through public contributions, as well as collections made in St. Francis Xavier Church in New York.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Reporting for Not-for-profit Entities:

The Organization adopted the Financial Accounting Standards Board (“FASB”), *Presentation of Financial Statements of Not-for-Profit Entities*, for the fiscal year ended August 31, 2019. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a nonprofit entity’s liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for Board-designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classifications.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Statement Reporting for Not-for-profit Entities: (continued)

As a result of the adoption of *Presentation of Financial Statements of Not-for-Profit Entities*, net assets as of August 31, 2018, were reclassified as follows:

	<i>ASU 2016-14 Classifications</i>		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Net Asset Classifications as Previously Presented:			
Unrestricted	\$ 55,557	\$ -	\$ 55,557
Temporarily restricted	49,000	-	49,000
Total Net Assets	<u>\$ 104,577</u>	<u>\$ -</u>	<u>\$ 104,557</u>

Financial Statement Presentation:

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein 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 may or will be met, either by actions of the Organization and/or the passage of time. Also, other net assets subject to donor-imposed stipulations that be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Cash:

Cash represents cash invested in interest- and noninterest-bearing accounts.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment:

Property and equipment purchases greater than \$1,000 that extend the useful lives of assets are capitalized and recognized in the statements of financial position at cost. Donated property and equipment are recorded at fair value on the date of donation.

Depreciation is recorded over the estimated useful lives of such assets as follows.

	<u>Method</u>	<u>Estimated Useful Life</u>
Kitchen equipment	Straight-line	5-7 years
Furniture and fixtures	Straight-line	3-5 years
Computers	Straight-line	3-5 years

When assets are retired, or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. Maintenance, repairs and minor replacements that do not improve or extend the life of an asset are expensed as incurred.

Contributions:

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions with restrictions that are met in the same reporting period as they are received are reported as unrestricted support.

Grant income received in advance is recorded as deferred grant revenue.

Donated Property, Goods, and Services:

Amounts reported in the financial statements for voluntary donations of services when those services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation. Donated property, goods, and services are recorded as contributions at their estimated fair value at the date of donation.

The Organization also regularly receives services from volunteers who are not acting in a professional capacity; such volunteer services do not meet the criteria for financial statement recognition and are not included in the financial statements.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes:

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during the fiscal years ended 2019 and 2018. At August 31, 2019 and 2018, there are no significant income tax uncertainties.

Recent Accounting Pronouncements:

The FASB issued an accounting pronouncement, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The effective date for the pronouncement is for periods beginning after December 15, 2018. The Organization is currently evaluating the effect the provisions of this standard will have on the financial statements.

Use of Estimates:

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure 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.

Reclassifications:

Certain amounts have been reclassified in the fiscal year 2018 financial statements to conform to the fiscal year 2019 presentation. This has no effect on the change in net assets.

Subsequent Events:

The Organization has evaluated events subsequent to the statement of financial position date after August 31, 2019 through March 12, 2020, the date that the financial statements were available to be issued.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 3 - PROPERTY AND EQUIPMENT:

Property and equipment are summarized as follows:

	August 31,	
	2019	2018
Kitchen equipment	\$ 150,909	\$ 141,759
Shelter improvements	55,620	55,620
Computers	10,159	4,915
	<hr/> 216,688	<hr/> 202,294
Less: Accumulated depreciation	(170,553)	(154,324)
Property and Equipment, Net	<hr/> \$ 46,135	<hr/> \$ 47,970

NOTE 4 - IN-KIND INCOME AND EXPENSES:

The Organization has the use of office space that resides within the administrative offices of the St. Francis Xavier Church and the use of program space that resides within the facility of the St. Francis Xavier Church. Additionally, there is space available for the shelter within the confines of Xavier High School. No amount has been reflected in the statements of activities and changes in net assets for the equivalent of rent expense as the fair market value of the space has not been determined.

The Organization receives in-kind food donations from various donors and organizations. Amounts have been recorded at the estimated fair value on the date of donation.

NOTE 5 - FUNCTIONAL EXPENSES

The costs of providing the Organization's program services, fundraising, and management and general are separately summarized in the statements of functional expenses. Accordingly, certain costs have been allocated among those program services, fundraising, and management and general. Management and general costs include those expenses that are not directly identifiable with any other specific function but do provide for the overall support and direction of the Organization.

The financial statements contain certain categories of expense that are attributed to more than one supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries and related payroll expenses and fringe benefits are allocated based on time and effort. All other categories are direct costs.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 - RETIREMENT PLAN:

One employee of the Organization is vested in the pension plan that is administered by the Archdiocese of New York.

Membership in the pension plan is automatic for all eligible employees who are 30 years of age or older and who have completed five years of services. The pension plan is a noncontributory, defined-benefit plan that provides for retirement benefits based upon, among other things, the employees' years of service and salary. The Organization's contribution to the pension plan during the fiscal years ended August 31, 2019 and 2018, totaled \$10,115 and \$9,099, respectively, and is recorded in fringe benefits on the statements of functional expenses.

NOTE 7 - RELATED PARTIES:

The President of Xavier Mission, Inc. and the Chair of the Board of Members is the Pastor of the Church of St. Francis Xavier.

NOTE 8 - CONCENTRATIONS OF CREDIT RISK:

The Organization maintains a cash balance at a financial institution. At times, the balance may exceed insured limits.

NOTE 9 - LIQUIDITY AND AVAILABILITY:

The following represents the Organization's financial assets as of August 31, 2019, reduced by any amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

Financial assets available to meet general expenditures over the next 12 months	<u>\$ 110,331</u>
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The Organization's goal is to maintain financial assets to meet operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's strategic plan, revised in September 2019, sets a goal of building a cash reserve equal to 6 months of operating expenses, or approximately \$300,000.