

XAVIER MISSION, INC.

FINANCIAL STATEMENTS

AUGUST 31, 2021 AND 2020



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

XAVIER MISSION, INC.

AUGUST 31, 2021 AND 2020

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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 statements of financial position as of August 31, 2021 and 2020, and the related statements of activities and changes in net assets, 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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. These 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 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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sobel & Co, LLC

Certified Public Accountants

Livingston, New Jersey
February 15, 2022

XAVIER MISSION, INC.
STATEMENTS OF FINANCIAL POSITION

| | August 31, | |
|---------------------------------------|-------------------|-------------------|
| | 2021 | 2020 |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 366,426 | \$ 315,274 |
| Grants receivable | 41,156 | - |
| | <u>407,582</u> | <u>315,274</u> |
| NONCURRENT ASSETS: | | |
| Property and equipment, net | 59,414 | 68,097 |
| Total Assets | <u>\$ 466,996</u> | <u>\$ 383,371</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES: | | |
| Accounts payable and accrued expenses | \$ 28,953 | \$ 26,679 |
| Refundable advance | - | 79,700 |
| Total Liabilities | <u>28,953</u> | <u>106,379</u> |
| COMMITMENTS AND CONTINGENCIES | | |
| NET ASSETS: | | |
| Without donor restrictions | 338,043 | 276,992 |
| With donor restrictions | 100,000 | - |
| Total Net Assets | <u>438,043</u> | <u>276,992</u> |
| Total Liabilities and Net Assets | <u>\$ 466,996</u> | <u>\$ 383,371</u> |

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

| | Year Ended August 31, 2021 | | | Year Ended August 31, 2020 | | |
|--------------------------------------|-------------------------------|----------------------------|------------|-------------------------------|----------------------------|------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| SUPPORT AND REVENUE: | | | | | | |
| Contributions | \$ 292,656 | \$ 25,000 | \$ 317,656 | \$ 266,290 | \$ - | \$ 266,290 |
| Mission collections | 18,849 | - | 18,849 | 12,621 | - | 12,621 |
| Special events | 277,334 | 150,000 | 427,334 | 452,108 | 20,000 | 472,108 |
| In-kind food donations | 118,428 | - | 118,428 | 106,953 | - | 106,953 |
| Foundation and private grants | 89,995 | 135,000 | 224,995 | 55,555 | 164,000 | 219,555 |
| Government grants | 248,942 | - | 248,942 | 134,190 | - | 134,190 |
| Interest income | 698 | - | 698 | 440 | - | 440 |
| Net assets released from restriction | 210,000 | (210,000) | - | 184,000 | (184,000) | - |
| Total Support and Revenue | 1,256,902 | 100,000 | 1,356,902 | 1,212,157 | - | 1,212,157 |
| EXPENSES: | | | | | | |
| Program services | 940,414 | - | 940,414 | 776,060 | - | 776,060 |
| Fundraising | 75,639 | - | 75,639 | 65,879 | - | 65,879 |
| Management and general | 179,798 | - | 179,798 | 162,643 | - | 162,643 |
| Total Expenses | 1,195,851 | - | 1,195,851 | 1,004,582 | - | 1,004,582 |
| CHANGES IN NET ASSETS | 61,051 | 100,000 | 161,051 | 207,575 | - | 207,575 |
| NET ASSETS, Beginning of year | 276,992 | - | 276,992 | 69,417 | - | 69,417 |
| NET ASSETS, End of year | \$ 338,043 | \$ 100,000 | \$ 438,043 | \$ 276,992 | \$ - | \$ 276,992 |

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

XAVIER MISSION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

| | Year Ended August 31, 2021 | | | | Year Ended August 31, 2020 | | | |
|------------------------------------|----------------------------|-------------|------------------------|----------------|----------------------------|-------------|------------------------|----------------|
| | Program Services | Fundraising | Management and General | Total Expenses | Program Services | Fundraising | Management and General | Total Expenses |
| Salaries and payroll taxes | \$ 263,579 | \$ 38,901 | \$ 61,601 | \$ 364,081 | \$ 254,528 | \$ 36,941 | \$ 50,271 | \$ 341,740 |
| Fringe benefits | 54,924 | 8,107 | 12,836 | 75,867 | 47,649 | 3,746 | 18,513 | 69,908 |
| Meals and beverages | 291,580 | - | - | 291,580 | 311,222 | - | - | 311,222 |
| Financial assistance to clients | 230,149 | - | 1,950 | 232,099 | 66,945 | - | - | 66,945 |
| Communications | 1,254 | - | 3,302 | 4,556 | 1,281 | - | 2,602 | 3,883 |
| Local transportation assistance | - | - | 11,183 | 11,183 | 3,300 | - | 3,915 | 7,215 |
| Office supplies | 913 | - | 16,750 | 17,663 | 1,107 | - | 16,355 | 17,462 |
| Postage | - | - | 1,939 | 1,939 | - | - | 753 | 753 |
| Processing fees | - | - | 14,542 | 14,542 | 155 | - | 15,643 | 15,798 |
| Accounting and auditing | - | - | 17,288 | 17,288 | - | - | 18,287 | 18,287 |
| Professional fees | 54,292 | 24,004 | 13,891 | 92,187 | 45,948 | 16,779 | 17,032 | 79,759 |
| Program supplies | 31,575 | 4,272 | - | 35,847 | 30,941 | 4,141 | - | 35,082 |
| Special events expense | - | 355 | - | 355 | - | 4,272 | 817 | 5,089 |
| Repairs and maintenance | 12,148 | - | - | 12,148 | 12,144 | - | - | 12,144 |
| Participant stipends | - | - | - | - | 840 | - | - | 840 |
| Partner payments | - | - | 500 | 500 | - | - | - | - |
| Total Expenses before Depreciation | 940,414 | 75,639 | 155,782 | 1,171,835 | 776,060 | 65,879 | 144,188 | 986,127 |
| Depreciation | - | - | 24,016 | 24,016 | - | - | 18,455 | 18,455 |
| Total Expenses | \$ 940,414 | \$ 75,639 | \$ 179,798 | \$ 1,195,851 | \$ 776,060 | \$ 65,879 | \$ 162,643 | \$ 1,004,582 |

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

XAVIER MISSION, INC.
STATEMENTS OF CASH FLOWS

| | Year Ended August 31, | |
|---|------------------------------|-------------------|
| | 2021 | 2020 |
| CASH FLOWS PROVIDED BY: | | |
| <u>OPERATING ACTIVITIES:</u> | | |
| Changes in net assets | \$ 161,051 | \$ 207,575 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Depreciation | 24,016 | 18,455 |
| Changes in operating assets and liabilities: | | |
| Grants receivable | (41,156) | - |
| Accounts payable and accrued expenses | 2,274 | (36,370) |
| Deferred grant income | - | (24,000) |
| Refundable advance | (79,700) | 79,700 |
| Net Cash Provided by Operating Activities | <u>66,485</u> | <u>245,360</u> |
| <u>INVESTING ACTIVITIES:</u> | | |
| Purchase of property and equipment | <u>(15,333)</u> | <u>(40,417)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 51,152 | 204,943 |
| CASH AND CASH EQUIVALENTS: | | |
| Beginning of year | <u>315,274</u> | <u>110,331</u> |
| End of year | <u>\$ 366,426</u> | <u>\$ 315,274</u> |

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

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 or 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 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.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

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

Financial Statement Presentation: (Continued)

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 they 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 and Cash Equivalents:

Cash and cash equivalents represent cash invested in interest- and noninterest-bearing accounts.

Grants Receivable:

Grants receivable are recorded at the amount billed to funding agencies. The Organization utilizes the reserve method of accounting for doubtful accounts. The reserves are based on historical experience and management's evaluation of outstanding grants receivable at the end of each year. As of August 31, 2021 and 2020, no allowance was deemed necessary.

Property and Equipment:

Property and equipment purchases greater than \$1,000 that extend the useful lives greater than one year 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 the statements of activities and changes in net assets for the period. Maintenance, repairs, and minor replacements that do not improve or extend the life of an asset are expensed as incurred.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

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

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.

Revenue from government grants is considered a conditional contribution and is not recognized until the conditions related to this revenue are substantially met, or explicitly waived. Cash received in advance of revenue is reported as refundable advance.

Donated Property, Goods, and Services:

Amounts are 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 typically be 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.

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 2021 and 2020. At August 31, 2021 and 2020, there are no significant income tax uncertainties.

Reclassifications:

Certain amounts have been reclassified in the 2020 financial statements to conform to the 2021 presentation. This has no effect on the change in net assets.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

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

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.

Subsequent Events:

The Organization has evaluated events subsequent to the statement of financial position date after August 31, 2021 through February 15, 2022, the date that the financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT:

Property and equipment is summarized as follows:

| | August 31, | |
|--------------------------------|-------------------|------------------|
| | 2021 | 2020 |
| Kitchen equipment | \$ 177,422 | \$ 165,855 |
| Shelter improvements | 81,091 | 81,091 |
| Computers | 13,925 | 10,159 |
| | <u>272,438</u> | <u>257,105</u> |
| Less: Accumulated depreciation | (213,024) | (189,008) |
| Fixed Assets, Net | <u>\$ 59,414</u> | <u>\$ 68,097</u> |

NOTE 4 - PAYCHECK PROTECTION PROGRAM LOAN:

The Organization obtained a Paycheck Protection Program (“PPP”) loan under the CARES Act in May 2020 for \$79,700. The loan was to provide the Organization with working capital for the purpose of maintaining employment levels and paying occupancy costs during a stay-at-home period ordered by the governor of New York. The Organization received forgiveness of the PPP loan for its full amount from the Small Business Administration in June 2021 and it is recorded in government grants on the statements of activities and changes in net assets.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 5 - 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. During the years ended August 31, 2021 and 2020, the Organization received \$118,428 and \$106,953, of in-kind food donations.

NOTE 6 - 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
AUGUST 31, 2021 AND 2020

NOTE 7 - RETIREMENT PLAN:

Two employees of the Organization were vested in the pension plan with 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 employees withdrew from the plan during the year ended August 31, 2020. However, the Organization is still obligated to the Archdiocese for amounts due through August 31, 2022. Payments to the Archdiocese totaled \$23,841 and \$14,168 for the years ended August 31, 2021 and 2020, respectively.

In June 2020, the Organization implemented a 403(b) Plan. The plan allows for employee contributions and 10% employer contributions based on certain eligibility criteria. The Organization's contribution to the plan totaled \$18,506 and \$5,140 for the years ended August 31, 2021 and 2020, respectively. Both payments to the Archdiocese and contributions to the plan are recorded in fringe benefits on the statements of functional expenses.

NOTE 8 - 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 9 - CONCENTRATIONS:

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

One donor represented 11% of the Organization's support and revenue for the year ended August 31, 2021. There were no concentrations of revenue for the year ended August 31, 2020.

NOTE 10 - RISKS AND UNCERTAINTIES:

The Organization is actively monitoring the recent COVID-19 outbreak and its potential impact on the employees, clients, volunteers, donors, and operations. It is not known at this time how much effect the virus will have on operations and/or financial results. The potential impact of COVID-19 is not foreseeable due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 11 - LIQUIDITY AND AVAILABILITY:

The following represents the Organization's financial assets 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.

| | August 31, | |
|--|-------------------|-------------------|
| | 2021 | 2020 |
| Cash and cash equivalents | \$ 366,426 | \$ 315,274 |
| Grants receivable, net | 41,156 | - |
| Total Financial Assets | <u>407,582</u> | <u>315,274</u> |
| Less amounts not available to be used within one year: | | |
| Net assets with donor restrictions | (100,000) | - |
| Estimated releases from donor restrictions | 50,000 | - |
| | <u>(50,000)</u> | <u>-</u> |
| Financial assets available to meet general expenditures over the next 12 months | <u>\$ 357,582</u> | <u>\$ 315,274</u> |

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 sets a goal of building a cash reserve equal to 6 months of operating expenses, or approximately \$586,000.