

XAVIER MISSION, INC.

FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021



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XAVIER MISSION, INC.

AUGUST 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
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, 2022, 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.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of Xavier Mission, Inc. as of August 31, 2021 were audited by Sobel & Co., LLC whose shareholders and professional staff joined CliftonLarsonAllen LLP as of February 1, 2023, and has subsequently ceased operations. Sobel & Co., LLC's report dated February 15, 2022 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



CliftonLarsonAllen LLP

Livingston, New Jersey
February 22, 2023

XAVIER MISSION, INC.
STATEMENTS OF FINANCIAL POSITION

	August 31,	
	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 353,933	\$ 366,426
Grants receivable	28,000	41,156
	381,933	407,582
NONCURRENT ASSETS:		
Property and equipment, net	101,416	59,414
Total Assets	\$ 483,349	\$ 466,996
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 70,872	\$ 28,953
Deferred grant income	41,882	-
Total Liabilities	112,754	28,953
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions	320,595	338,043
With donor restrictions	50,000	100,000
Total Net Assets	370,595	438,043
Total Liabilities and Net Assets	\$ 483,349	\$ 466,996

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

	Year Ended August 31, 2022			Year Ended August 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 299,784	\$ 17,100	\$ 316,884	\$ 292,656	\$ 25,000	\$ 317,656
Mission collections	15,999	-	15,999	18,849	-	18,849
Special events	410,281	58,788	469,069	277,334	150,000	427,334
In-kind donations	382,080	-	382,080	118,428	-	118,428
Foundation and private grants	176,111	90,000	266,111	89,995	135,000	224,995
Government grants	144,330	-	144,330	248,942	-	248,942
Interest income	293	-	293	698	-	698
Loss on disposal	(33,316)	-	(33,316)			
Net assets released from restriction	215,888	(215,888)	-	210,000	(210,000)	-
Total Support and Revenue	1,611,450	(50,000)	1,561,450	1,256,902	100,000	1,356,902
EXPENSES:						
Program services	1,224,717	-	1,224,717	940,194	-	940,194
Fundraising	115,853	-	115,853	75,639	-	75,639
Management and general	288,328	-	288,328	180,018	-	180,018
Total Expenses	1,628,898	-	1,628,898	1,195,851	-	1,195,851
CHANGES IN NET ASSETS	(17,448)	(50,000)	(67,448)	61,051	100,000	161,051
NET ASSETS, Beginning of year	338,043	100,000	438,043	276,992	-	276,992
NET ASSETS, End of year	\$ 320,595	\$ 50,000	\$ 370,595	\$ 338,043	\$ 100,000	\$ 438,043

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

XAVIER MISSION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended August 31, 2022				Year Ended August 31, 2021			
	Program Services	Fundraising	Management and General	Total Expenses	Program Services	Fundraising	Management and General	Total Expenses
Salaries and payroll taxes	\$ 275,399	\$ 61,401	\$ 95,008	\$ 431,808	\$ 263,579	\$ 38,901	\$ 61,601	\$ 364,081
Fringe benefits	33,103	7,380	11,420	51,903	54,924	8,107	12,836	75,867
Meals and beverages	422,364	-	-	422,364	291,580	-	-	291,580
Financial assistance to clients	193,461	-	-	193,461	229,895	-	1,950	231,845
Communications	46	-	8,975	9,021	1,254	-	3,302	4,556
Local transportation	-	-	6,627	6,627	33	-	11,404	11,437
Office supplies	658	-	25,212	25,870	93	-	11,230	11,323
Postage	58	-	1,035	1,093	-	-	1,939	1,939
Processing fees	-	-	17,446	17,446	-	-	14,542	14,542
Accounting and auditing	-	-	18,000	18,000	-	-	17,288	17,288
Professional fees	38,942	26,763	48,700	114,405	62,057	24,004	13,891	99,952
Program supplies and expense	78,104	1,274	3,663	83,041	24,631	4,272	5,519	34,422
Special events expense	-	4,366	-	4,366	-	355	-	355
Repairs and maintenance	27,511	-	-	27,511	12,148	-	-	12,148
Partner payments	-	-	1,023	1,023	-	-	500	500
In-kind rent	155,071	14,669	40,726	210,466	-	-	-	-
Total Expenses before Depreciation	1,224,717	115,853	277,835	1,618,405	940,194	75,639	156,002	1,171,835
Depreciation	-	-	10,493	10,493	-	-	24,016	24,016
Total Expenses	\$ 1,224,717	\$ 115,853	\$ 288,328	\$ 1,628,898	\$ 940,194	\$ 75,639	\$ 180,018	\$ 1,195,851

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

XAVIER MISSION, INC.
STATEMENTS OF CASH FLOWS

	Year Ended August 31,	
	2022	2021
CASH FLOWS PROVIDED BY:		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ (67,448)	\$ 161,051
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	10,493	24,016
Loss on Disposal	33,316	-
Refundable advance	-	(79,700)
Changes in operating assets and liabilities:		
Grants receivable	13,156	(41,156)
Accounts payable and accrued expenses	41,919	2,274
Deferred grant income	41,882	-
Net Cash Provided by Operating Activities	<u>73,318</u>	<u>66,485</u>
<u>INVESTING ACTIVITIES:</u>		
Purchase of property and equipment	<u>(85,811)</u>	<u>(15,333)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(12,493)	51,152
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>366,426</u>	<u>315,274</u>
End of year	<u><u>\$ 353,933</u></u>	<u><u>\$ 366,426</u></u>

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

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. The shelter was permanently closed in January 2022;
- 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.

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.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

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

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, 2022 and 2021, 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.

	Method	Estimated Useful Life
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.

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.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

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

Donated 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 services are recorded as contributions at their estimated fair value at the date of donation. No donated services were recorded during the fiscal years ended August 31, 2022 and 2021.

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 2022 and 2021. At August 31, 2022 and 2021, there are no significant income tax uncertainties.

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 reclassifications have been made to prior year amounts to conform to the current year presentation.

Subsequent Events:

The Organization has evaluated events subsequent to the statement of financial position date after August 31, 2022 through February 22, 2023 the date that the financial statements were available to be issued.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 3 - PROPERTY AND EQUIPMENT:

Property and equipment is summarized as follows:

	August 31,	
	2022	2021
Kitchen equipment	\$ 224,727	\$ 177,422
Shelter improvements	-	81,091
Computers	11,150	13,925
Construction in Process	19,115	-
	<u>254,992</u>	<u>272,438</u>
Less: Accumulated depreciation	(153,576)	(213,024)
Fixed Assets, Net	<u>\$ 101,416</u>	<u>\$ 59,414</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 Organization received forgiveness of the PPP loan for its full amount from the Small Business Administration (“SBA”) in June 2021 and recognized the revenue in government grants on the statements of activities and changes in net assets for the fiscal year ended August 31, 2021.

The SBA reserves the right to audit loan forgiveness for six years from the date that forgiveness was awarded.

NOTE 5 - CONTRIBUTED NONFINANCIAL ASSETS:

Contributed nonfinancial assets received during the years ended August 31, 2022 and 2021 consisted of the following:

	Year Ended	
	August 31,	
	2022	2021
Food	\$ 156,614	\$ 118,428
Clothing	15,000	-
Rent	210,466	-
	<u>\$ 382,080</u>	<u>\$ 118,428</u>

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 5 - CONTRIBUTED NONFINANCIAL ASSETS: (Continued)

Valuation techniques and inputs utilized in valuing these contributed nonfinancial assets are as follows:

Contributed Nonfinancial Asset	Valuation Techniques and Inputs
Food	Estimated based on estimates of retail values for similar products
Clothing	Estimated based on estimates of retail values for similar products
Rent	Estimated based on rental rates for similar properties in the same geographical market

The Organization receives donated rent from St. Francis Xavier Church for the use of office and storage space that resides within the administrative offices of St. Francis Xavier Church and the use of program and storage space that resides within the facility of St. Francis Xavier Church. The Organization also receives donations of food and clothing from various donors and organizations. The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization.

All gifts-in-kind received by the Organization for the years ended August 31, 2022 and 2021 were considered without donor restrictions and able to be used by the Organization as determined by management.

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, 2022 AND 2021

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 was still obligated to the Archdiocese for amounts due through August 31, 2021. Payments to the Archdiocese totaled \$23,841 for the year ended August 31, 2021.

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 \$20,952 and \$18,506 for the years ended August 31, 2022 and 2021, 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 Directors 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.

There are no donor concentrations for the year ended August 31, 2022. One donor represented 11% of the Organization's support and revenue for the year ended August 31, 2021.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions of \$50,000 and \$100,000 as of August 31, 2022 and 2021, respectively, are available for the financial assistance program in future periods.

Net assets released from restrictions of \$215,888 for the year ending August 31, 2022 relate to various programs and program related capital expenses. Net assets released from restrictions of \$210,000 for the year ending August 31, 2021 relate to various programs.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 - 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.

NOTE 12 - 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,	
	2022	2021
Cash and cash equivalents	\$ 353,933	\$ 366,426
Grants receivable, net	28,000	41,156
Total Financial Assets	<u>381,933</u>	<u>407,582</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(50,000)	(100,000)
Estimated releases from donor restrictions	50,000	50,000
	<u>-</u>	<u>(50,000)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 381,933</u>	<u>\$ 357,582</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 \$613,000.