

XAVIER MISSION, INC.

FINANCIAL STATEMENTS

AUGUST 31, 2015

XAVIER MISSION, INC.
INDEX TO FINANCIAL STATEMENTS
AUGUST 31, 2015

	<u>Page(s)</u>
Independent Auditors' Report	1-2
Statements of Financial Position	3
Statement of Activities	4
Statements of Cash Flows	5
Schedule of Expenses by Functional and Natural Classification	6
Notes to Financial Statements	7-12

Rosemarie Giovinazzo-Barnickel, CPA
Ten Emerson Court
Staten Island, NY 10304-1402

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Xavier Mission, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2015 and 2014, and the related statements of cash flows for the years then ended, along with the statements of activities and functional expenses for the years ended August 31, 2015 and 2014, 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.

Auditor's 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. Those 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 includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 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, 2015 and 2014, its cash flows for the years then ended, and the changes in its net assets for the years ended August 31, 2015 and 2014 in accordance with accounting principles generally accepted in the United States of America.

Rosemarie Guornazzo Barnickel, CPA

Staten Island, New York
February 2, 2016

Xavier Mission, Inc.
Statements of Financial Position
August 31, 2015 and 2014

	<u>August 31, 2015</u>	<u>August 31, 2014</u>
ASSETS		
Cash and cash equivalents	\$ 58,847	\$ 162,689
Investments in mutual funds	16,739	-
Property and equipment - net	<u>52,137</u>	<u>57,032</u>
	<u>\$ 127,723</u>	<u>\$ 219,721</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	35,921	10,000
Deferred grant income	-	89,864
Amounts due to St. Francis Xavier Church	<u>99,434</u>	<u>125,619</u>
	<u>\$ 135,355</u>	<u>\$ 225,483</u>
NET ASSETS		
Unrestricted	(7,632)	(95,626)
Temporarily restricted	<u>-</u>	<u>89,864</u>
Total net assets	<u>(7,632)</u>	<u>(5,762)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 127,723</u>	<u>\$ 219,721</u>

See notes to financial statements.

Xavier Mission, Inc.
Statements of Activities
Year Ended August 31, 2015
(With comparative totals for 2014)

	2015			2014
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	TOTAL
Support and Revenue:				
Contributions	\$ 269,876	\$ -	\$ 269,876	\$ 186,019
Mission collections	41,934	-	41,934	42,952
Special events	31,434	-	31,434	24,516
Contribution from St. Francis Xavier Church	-	-	-	-
In-kind food donations	145,587	-	145,587	-
Foundation and private grants	194,299	-	194,299	165,516
Government grants	-	-	-	4,000
Investment income	358	-	358	158
Net assets released from restrictions	89,864	(89,864)	-	-
Total Support and Revenue	773,352	(89,864)	683,488	423,161
Expenses:				
Program services	554,655	-	554,655	357,399
Fundraising	56,576	-	56,576	59,296
Management and general	74,127	-	74,127	48,908
Total Expenses	685,358	-	685,358	465,603
Decrease in net assets	87,994	(89,864)	(1,870)	(42,442)
Net assets, beginning of year	(95,626)	89,864	(5,762)	36,680
Net assets, end of year	\$ (7,632)	\$ -	\$ (7,632)	\$ (5,762)

See notes to financial statements.

Xavier Mission, Inc.
Statements of Cash Flows
Years Ended August 31, 2015 and 2014

	<u>August 31, 2015</u>	<u>August 31, 2014</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (1,869)	\$ (42,442)
Adjustments to reconcile decrease in net assets to net cash used for operating activities:		
Depreciation	17,110	16,098
Changes in operating assets and liabilities:		
Accounts payable and accrued expenses	25,920	(5,000)
Deferred grant income	(89,864)	(101,230)
Amounts due to St. Francis Xavier Church	(26,185)	96,115
Net cash used for operating activities	<u>(74,888)</u>	<u>(36,459)</u>
Cash flows from investing activities:		
Purchase of equipment	<u>(12,215)</u>	<u>(10,180)</u>
Net cash used for investing activities	<u>(12,215)</u>	<u>(10,180)</u>
Cash flows from financing activities:		
Purchases of investments	<u>(16,739)</u>	<u>-</u>
Net cash used for financing activities	<u>(16,739)</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(103,842)	(46,639)
Cash and cash equivalents, beginning of year	<u>162,689</u>	<u>209,328</u>
Cash and cash equivalents, end of year	<u><u>\$ 58,847</u></u>	<u><u>\$ 162,689</u></u>

See notes to financial statements.

Xavier Mission, Inc.
Schedule of Expenses by Functional and Natural Classification
Year Ended August 31, 2015 with Comparative Totals for the Year Ended August 31, 2014

	August 31, 2015			August 31, 2014	
	Program Services	Fundraising	Management and General	Total	Total
Accounting	\$ -	\$ -	\$ 6,100	\$ 6,100	\$ 4,572
Depreciation	15,187	-	1,923	17,110	16,098
Financial assistance to clients	23,280	-	-	23,280	16,210
Insurance	16,768	3,873	3,873	24,514	22,392
Local transportation assistance	7,643	-	-	7,643	6,740
Meals and beverages	271,037	9,011	-	280,048	115,665
Office supplies	3,607	-	2,283	5,890	3,826
Pension contribution	6,906	1,596	1,596	10,098	8,410
Postage	346	-	345	691	650
Processing fees	-	-	3,208	3,208	3,239
Professional fees	4,620	5,742	14,178	24,540	68,103
Program supplies	20,685	-	-	20,685	13,731
Repairs and maintenance	16,157	-	-	16,157	14,843
Salaries and payroll taxes	157,834	36,354	40,621	234,809	163,599
Stipends	10,585	-	-	10,585	7,525
Totals	<u>\$ 554,655</u>	<u>\$ 56,576</u>	<u>\$ 74,127</u>	<u>\$ 685,358</u>	<u>\$ 465,603</u>

See notes to financial statements.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015

Note A - Organization

Founded in 2012, Xavier Mission Inc. (the “Mission”) 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;
- Providing assistance with basic financial needs to struggling families and individuals; and

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

Note B - 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. Accordingly, the financial statements reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Mission and changes therein are classified and reported as follows:

Unrestricted Net Assets- Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets- Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Mission and/or the passage of time.

Permanently Restricted Net Assets- Net assets subject to donor-imposed restrictions that stipulate that they be maintained permanently by the Mission, but permit the Mission to expend the income derived therefrom.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015

Note B - Summary of Significant Accounting Policies, continued

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions

Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of donor restrictions. Restricted contributions are reported as increases in restricted net assets. When the restriction is met the amount is shown as a reclassification of restricted net assets to unrestricted net assets. If a donor's restriction is met in the same period that the support is recognized, the contribution is reported as an increase in unrestricted net assets.

Property and Equipment

All acquisitions of furniture and equipment, in excess of \$1,000, are capitalized. Furniture and equipment are stated at cost, if purchased, or fair value if contributed. Property and equipment are depreciated on a straight line basis over the following useful lives:

Kitchen equipment	5-7 years
Furniture and fixtures	3-5 years
Computers	3-5 years

Income Taxes

The Mission is incorporated as a not-for profit organization and is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Mission has been determined by the Internal Revenue Service not to be a private foundation under Section 509(a) of said Code.

The Mission regularly reviews and evaluates its tax positions taken on current and previously filed tax returns, and as reflected in its financial statements, with regard to issues affecting its not-for-profit status. The Mission believes that in the event of an examination by taxing authorities, the Mission's position would prevail based on technical merits. The Mission's tax returns are generally subject to examination by the Internal Revenue Service for three years; in this case since inception.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015

Note B - Summary of Significant Accounting Policies, continued

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Mission considers financial instruments with maturities of three months or less to be cash equivalents.

Contributed Services

The Mission does not recognize any revenue or expense from services contributed by volunteers because it does not meet the criteria for recognition under FASB ASC 958, *Not-for-Profit-Entities*.

Note C - Fair Value Measurements

Generally accepted accounting principles define fair value, establish a framework for measuring fair value and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015

Note C - Fair Value Measurements, continued

For applicable assets and liabilities subject to this pronouncement, the Mission will value such assets and liabilities using quoted market prices in active markets for identical assets and liabilities to the extent possible. To the extent that such market prices are not available, the Mission will next attempt to value such assets and liabilities using observable measurement criteria, including quoted market prices of similar assets and liabilities in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Mission will develop measurement criteria based on the best information available.

Fair value of financial assets and liabilities measured at August 31, 2015 is as follows:

	<u>August 31, 2015</u>	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Liabilities:</u>				
Accounts payable and accrued expenses	\$ (35,921)	\$ _____ -	\$ _____ -	\$ (35,921)

Fair value of financial assets and liabilities measured at August 31, 2014 is as follows:

	<u>August 31, 2014</u>	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Liabilities:</u>				
Accounts payable and accrued expenses	\$ (10,000)	\$ _____ -	\$ _____ -	\$ (10,000)
Deferred grant revenue	\$ (89,864)	\$ _____ -	\$ _____ -	\$ (89,864)

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015

Note D - Property and Equipment

Property and equipment at August 31, 2015 and 2014 consisted of the following:

Kitchen equipment	\$133,722	\$ 121,507
Furniture and fixtures	2,166	2,166
Computers	<u>4,915</u>	<u>4,915</u>
	140,803	125,588
Accumulated depreciation and amortization	<u>(88,666)</u>	<u>(71,556)</u>
Property and equipment, net	<u>\$ 52,137</u>	<u>\$ 57,032</u>

Depreciation expense for the fiscal years ended August 31, 2015 and 2014 was \$17,110 and \$16,098, respectively.

Note F - In-Kind Income and Expense

The Mission 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 statement of activities for the equivalent of rent expense as the fair market value of the space has not been determined as required by the Accounting Standards Codification.

A number of unpaid volunteers have made significant contributions of their time, for the purpose of raising funds and assisting with the Mission's programmatic and administrative duties. The hours contributed include hours related to attending and organizing events, serving the Mission's clients, and data entry. No amounts have been reflected in these statements for such donated services as the type of service donated does not meet the criteria of the accounting standards for assessing a value of such services.

Note G - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2015</u>	<u>2014</u>
Funding for development staff member, implementation of comprehensive database, and expenses of soup kitchen	<u>\$ -</u>	<u>\$ 89,864</u>

Temporarily restricted net assets released from restrictions during the year ended August 31, 2015 were primarily expended for the purposes of providing salary and benefits for an L-STEP Program

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015

Note G - Temporarily and Permanently Restricted Net Assets, continued

Director and a second community outreach Program Director, engaging a consultant grant-writer for part of the year, and supporting a Customer Relationship Management database.

Temporarily restricted net assets released from restrictions during the year ended August 31, 2014 were primarily expended for the purposes of furnishing a new office space, hiring a consultant grant-writer, and providing salary and benefits for an L-STEP Program Director.

Note H - Retirement Plan

One of the three full time employees of the Mission 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 service. The pension plan is a non-contributory defined benefit plan that provides for retirement benefits based upon, among other things, the employees' years of service and salary. The Mission's contribution to the pension plan during the fiscal years ended August 31, 2015 and 2014 totaled \$10,098 and \$8,410, respectively.

Note J - Related Parties

Two members of the Board of Directors of the Mission are also Parish Trustees of the Church of St. Francis Xavier, a related party. The President of Xavier Mission Inc. and the Chair of the Board is the Pastor of the Church of St. Francis Xavier. The Vice-President of Xavier Mission Inc. is the Associate Pastor of the Church of St. Francis Xavier.

Note K - Subsequent Events

The Mission has evaluated subsequent events through February 2, 2016, the date the financial statements were available to be issued.
