

XAVIER MISSION, INC.

FINANCIAL STATEMENTS

AUGUST 31, 2016

XAVIER MISSION, INC.
INDEX TO FINANCIAL STATEMENTS
AUGUST 31, 2016

	<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

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INDEPENDENT AUDITORS' REPORT

To the Board of Members 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, 2016 and 2015, 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, 2016 and 2015, 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, 2016 and 2015, its cash flows for the years then ended, and the changes in its net assets for the years ended August 31, 2016 and 2015 in accordance with accounting principles generally accepted in the United States of America.

Rosemarie Giornazzo Barnickel, CPA

Staten Island, New York
January 30, 2017

Xavier Mission, Inc.
Statements of Financial Position
August 31, 2016 and 2015

	<u>August 31, 2016</u>	<u>August 31, 2015</u>
ASSETS		
Cash and cash equivalents	\$ 5,071	\$ 58,847
Investments in mutual funds	23,390	16,739
Grants receivable	20,000	-
Bequests receivable	10,000	-
Property and equipment - net	<u>76,780</u>	<u>52,137</u>
	<u>\$ 135,241</u>	<u>\$ 127,723</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	69,961	35,921
Deferred grant income	40,000	-
Amounts due to St. Francis Xavier Church	<u>-</u>	<u>99,434</u>
	<u>\$ 109,961</u>	<u>\$ 135,355</u>
NET ASSETS		
Unrestricted	2,216	(7,632)
Temporarily restricted	<u>23,064</u>	<u>-</u>
Total net assets	<u>25,280</u>	<u>(7,632)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 135,241</u>	<u>\$ 127,723</u>

See notes to financial statements.

Xavier Mission, Inc.
Statements of Activities
Year Ended August 31, 2016
(With comparative totals for 2015)

	2016			2015
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	TOTAL
Support and Revenue:				
Contributions	\$ 253,365	\$ 23,064	\$ 276,429	\$ 269,876
Mission collections	25,279	-	25,279	41,934
Special events	37,205	-	37,205	31,434
Contribution from				
St. Francis Xavier Church	96,247	-	96,247	-
In-kind food donations	181,046	-	181,046	145,587
Foundation and private grants	176,250	-	176,250	194,299
Government grants	8,227	-	8,227	-
Investment income	807	-	807	358
Net assets released from restrictions	-	-	-	-
Total Support and Revenue	778,426	23,064	801,490	683,488
Expenses:				
Program services	615,365	-	615,365	554,655
Fundraising	66,570	-	66,570	56,576
Management and general	86,643	-	86,643	74,127
Total Expenses	768,578	-	768,578	685,358
Decrease in net assets	9,848	23,064	32,912	(1,870)
Net assets, beginning of year	(7,632)	-	(7,632)	(5,762)
Net assets, end of year	\$ 2,216	\$ 23,064	\$ 25,280	\$ (7,632)

See notes to financial statements.

Xavier Mission, Inc.
Statements of Cash Flows
Years Ended August 31, 2016 and 2015

	<u>August 31, 2016</u>	<u>August 31, 2015</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 32,911	\$ (1,869)
Adjustments to reconcile increase (decrease) in net assets to net cash used for operating activities:		
Depreciation	23,177	17,110
Debt forgiveness by Church	(99,434)	-
Changes in operating assets and liabilities:		
Grants receivable	(20,000)	-
Bequests receivable	(10,000)	-
Accounts payable and accrued expenses	34,041	25,920
Deferred grant income	40,000	(89,864)
Amounts due to St. Francis Xavier Church	-	(26,185)
Net cash provided by (used for) operating activities	<u>695</u>	<u>(74,888)</u>
Cash flows from investing activities:		
Purchase of equipment	<u>(47,820)</u>	<u>(12,215)</u>
Net cash used for investing activities	<u>(47,820)</u>	<u>(12,215)</u>
Cash flows from financing activities:		
Purchases of investments	<u>(6,651)</u>	<u>(16,739)</u>
Net cash used for financing activities	<u>(6,651)</u>	<u>(16,739)</u>
Net decrease in cash	(53,776)	(103,842)
Cash and cash equivalents, beginning of year	<u>58,847</u>	<u>162,689</u>
Cash and cash equivalents, end of year	<u>\$ 5,071</u>	<u>\$ 58,847</u>

See notes to financial statements.

Xavier Mission, Inc.
Schedule of Expenses by Functional and Natural Classification
Year Ended August 31, 2016 with Comparative Totals for the Year Ended August 31, 2015

	August 31, 2016			August 31, 2015	
	Program Services	Fundraising	Management and General	Total	Total
Accounting	\$ -	\$ -	\$ 6,075	\$ 6,075	\$ 6,100
Depreciation	22,760	-	417	23,177	17,110
Financial assistance to clients	31,387	-	-	31,387	23,280
Insurance	16,396	3,894	8,763	29,053	24,514
Local transportation assistance	9,306	-	-	9,306	7,643
Meals and beverages	287,621	11,345	-	298,966	280,048
Office supplies	557	385	3,661	4,603	5,890
Pension contribution	-	-	10,605	10,605	10,098
Postage	346	-	532	878	691
Processing fees	-	-	3,836	3,836	3,208
Professional fees	19,561	4,350	13,867	37,778	24,540
Program supplies	19,652	-	-	19,652	20,685
Repairs and maintenance	9,151	-	-	9,151	16,157
Salaries and payroll taxes	195,448	46,596	38,887	280,931	234,809
Participant Stipends	3,180	-	-	3,180	10,585
Totals	\$ 615,365	\$ 66,570	\$ 86,643	\$ 768,578	\$ 685,358

See notes to financial statements.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016

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, 2016

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.

Bequests Receivable

The Mission has been named beneficiary of an estate. Bequests received under estates are not recorded until the amounts become determinable and fixed. As of August 31, 2016 and 2015, such amounts are recorded as bequests receivable on the accompanying statement of financial position. No allowance for doubtful bequests is considered necessary by management for the years ended August 31, 2016 and 2015. All bequests receivable are expected to be collected within one year.

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.

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016

Note B - Summary of Significant Accounting Policies, continued

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.

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 as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016

Note C - Fair Value Measurements, continued

inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- o 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.

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, 2016 is as follows:

	<u>August 31, 2016</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	\$ (69,961)	\$ -	\$ -	\$ (69,961)
Deferred grant revenue	\$ (40,000)	\$ -	\$ -	\$ (40,000)

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)

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016

Note D - Property and Equipment

Property and equipment at August 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Kitchen equipment	\$133,722	\$ 133,722
Shelter improvements	47,820	-
Furniture and fixtures	2,166	2,166
Computers	<u>4,915</u>	<u>4,915</u>
	188,623	140,803
Accumulated depreciation and amortization	<u>(111,843)</u>	<u>(88,666)</u>
Property and equipment, net	<u>\$ 76,780</u>	<u>\$ 52,137</u>

Depreciation expense for the fiscal years ended August 31, 2016 and 2015 was \$23,177 and \$17,110, 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>2016</u>	<u>2015</u>
Funding for expenses related to the Life-Skills Training and Empowerment Program	<u>\$ 23,064</u>	<u>\$ -</u>

XAVIER MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016

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, 2016 and 2015 totaled \$10,605 and \$10,098, respectively.

Note J - Related Parties

One members of the Board of Members of the Mission is also a Parish Trustee of the Church of St. Francis Xavier, a related party. The President of Xavier Mission Inc. and the Chair of the Board of Members 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 January 30, 2017, the date the financial statements were available to be issued.
