

**NATIVITY SCHOOL FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**



**NATIVITY SCHOOL FOUNDATION
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DECEMBER 31, 2015 AND 2014**

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Certified Public Accountants & Business Consultants

AVL WEALTHCARE, LLC
Wealth Management

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

November 2, 2016

To the Board of Directors
Nativity School Foundation
Biloxi, Mississippi

We have reviewed the accompanying financial statements of Nativity School Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Nativity School Foundation
November 2, 2016

Supplementary Information

The supplementary information included in the Schedule of Functional Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.


ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC
Certified Public Accountants
Gulfport, Mississippi

FINANCIAL STATEMENTS

**NATIVITY SCHOOL FOUNDATION
STATEMENTS OF FINANCIAL POSITION**

	Year Ended December 31,	
	2015	2014
Assets		
Cash and cash equivalents	\$ 24,285	\$ 7,760
Investments, equity and debt securities	542,247	264,061
Total assets	\$ 566,532	\$ 271,821
 Net assets		
Unrestricted	\$ 566,532	\$ 271,821
Total net assets	566,532	271,821
 Total liabilities and net assets	\$ 566,532	\$ 271,821

See accompanying notes and independent accountants' review report.

**NATIVITY SCHOOL FOUNDATION
STATEMENTS OF ACTIVITIES**

	Year Ended December 31,	
	2015	2014
Support and revenue		
Contributions	\$ 316,449	\$ 107,933
Fundraising income - golf tournament	11,084	-
Interest and dividends	15,445	3,940
Net realized and unrealized gains (losses)	(35,379)	4,419
Total support and revenue	307,599	116,292
Expenses		
General and administrative	5,417	2,614
Fundraising - golf tournament	7,471	-
Total expenses	12,888	2,614
Changes in net assets	294,711	113,678
Net assets, beginning of year	271,821	158,143
Net assets, end of year	\$ 566,532	\$ 271,821

See accompanying notes and independent accountants' review report.

**NATIVITY SCHOOL FOUNDATION
STATEMENTS OF CASH FLOWS**

	Year Ended December 31,	
	2015	2014
Cash flows from operating activities		
Changes in net assets	\$ 294,711	\$ 113,678
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Realized and unrealized (gains) losses on investments	35,379	(4,419)
Noncash contributions of investment securities	(305,584)	(104,344)
Net cash provided by operating activities	24,506	4,915
Cash flows from investing activities		
Proceeds from sale of investments	448,646	4,006
Purchase of investment securities	(456,627)	(62,587)
Net cash used in investing activities	(7,981)	(58,581)
Net increase (decrease) in cash and cash equivalents	16,525	(53,666)
Cash and cash equivalents, beginning of year	7,760	61,426
Cash and cash equivalents, end of year	\$ 24,285	\$ 7,760

See accompanying notes and independent accountants' review report.

NOTES TO FINANCIAL STATEMENTS

**NATIVITY SCHOOL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note A – Summary of Significant Accounting Policies

Entity - The Nativity School Foundation (Foundation) is a charitable foundation registered as a 501(c) (3) organization, incorporated in 2010. Its purpose is for the support of Nativity BVM Elementary School in Biloxi, Mississippi. With future contributions and investment growth, the Foundation will support the School's operations and thereby keep tuition costs affordable for anyone who wishes their children to have a Catholic Christian Education. Sources of revenue are primarily generated through private donations and investment income. One special aspect of the Foundation is that it cannot make distributions to the School for support until such time as its net assets reach \$1,050,000, and after that its annual support contributions are limited to 5% of the net asset balance of the Foundation. By amendment to the bylaws on July 12, 2011, the Foundation may also apply for grants and other donor imposed restricted contributions and may administer those funds in accordance with the grant agreement or donor imposed restrictions irrespective of the Nativity BVM School funding requirements.

Basis of accounting - The financial statements of the Foundation have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when obligations occur.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents - The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments - Marketable equity and debt securities are available for sale and are carried in the financial statements at fair value. Realized gains and losses, determined using the first-in, first-out (FIFO) method, and unrealized holding gains and losses are reported on the statements of activities.

Risks and uncertainties – Investment securities are exposed to various market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in net values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

Financial statement presentation - The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted, as determined by externally (donor) imposed restrictions. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not currently have any temporarily or permanently restricted net assets.

Contribution revenue - The Foundation receives both cash and noncash contributions. Noncash contributions generally consist of marketable securities and the contribution of certain professional services. All noncash contribution revenue is recorded at fair value.

**NATIVITY SCHOOL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Note A – Summary of Significant Accounting Policies (Continued)

Income taxes - The Foundation is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The Foundation is classified as a public charity. Similar provisions are available under the Mississippi Code for exemption from state income taxes. Management has evaluated the Foundation's tax positions and believes there are no uncertain tax positions requiring disclosure.

Note B – Investments and Fair Value Measurements

Investments consist of equity and debt securities with readily determinable fair values and are recorded and carried at fair value based on quoted prices in active markets (all Level 1 measurements). The carrying value of investments was as follows:

	December 31,	
	2015	2014
Common stocks	\$ 49,306	\$ 104,925
Mutual funds - fixed income	154,486	114,522
Mutual funds - equities	338,455	44,614
Total investments	\$ 542,247	\$ 264,061

Note C – Major Sources of Support

Since inception, the Foundation has received significant charitable contribution support from one of its board members and the board member's family. For the years ended December 31, 2015 and 2014, these contributions were \$310,054 and \$104,344 or 98% and 97% of contribution revenue, respectively.

Note D – Contributed Services

The Foundation records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Foundation received \$1,000 in contributed services for each year ended December 31, 2015 and 2014 which is recorded as contributions on the statements of activities.

Note E – Subsequent Events

Management has evaluated subsequent events through November 2, 2016, the date on which the financial statements were available to be issued. No such events requiring disclosure were identified.

SUPPLEMENTARY INFORMATION

**NATIVITY SCHOOL FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Program Expenses</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Investment fees & bank charges	\$ -	\$ 4,319	\$ -	\$ 4,319
Professional fees	-	1,000	-	1,000
Office supplies	-	98	-	98
Golf tournament expenses	-	-	7,471	7,471
 Total expenses	 <u>\$ -</u>	 <u>\$ 5,417</u>	 <u>\$ 7,471</u>	 <u>\$ 12,888</u>

See independent accountants' review report.