

**NATIVITY SCHOOL FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**



**NATIVITY SCHOOL FOUNDATION
TABLE OF CONTENTS
DECEMBER 31, 2016 and 2015**

	<u>Page(s)</u>
Independent Accountants' Review Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-8
Supplementary Information	
Schedule of Functional Expenses	9



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Certified Public Accountants & Business Consultants

AVL WEALTHCARE, LLC
Wealth Management

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

September 14, 2017

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, 2016 and 2015, 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 engagement 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 review, 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
September 14, 2017

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

FINANCIAL STATEMENTS

**NATIVITY SCHOOL FOUNDATION
STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 95,284	\$ 24,285
Investments, equity and debt securities	<u>763,263</u>	<u>542,247</u>
 Total assets	 <u>\$ 858,547</u>	 <u>\$ 566,532</u>
 Net assets		
Unrestricted	<u>\$ 858,547</u>	<u>\$ 566,532</u>
 Total net assets	 <u>\$ 858,547</u>	 <u>\$ 566,532</u>

See accompanying notes and independent accountants' review report.

**NATIVITY SCHOOL FOUNDATION
STATEMENTS OF ACTIVITIES**

	Year Ended December 31,	
	2016	2015
Support and revenue		
Contributions	\$ 247,031	\$ 316,449
Fundraising income	596	11,084
Interest and dividends	14,924	15,445
Net realized and unrealized gains (losses) - investment securities	44,656	(35,379)
Total support and revenue	<u>307,207</u>	<u>307,599</u>
Expenses		
General and administrative	14,567	5,417
Fundraising	625	7,471
Total expenses	<u>15,192</u>	<u>12,888</u>
Changes in net assets	292,015	294,711
Net assets, beginning of year	<u>566,532</u>	<u>271,821</u>
Net assets, end of year	<u>\$ 858,547</u>	<u>\$ 566,532</u>

See accompanying notes and independent accountants' review report.

**NATIVITY SCHOOL FOUNDATION
STATEMENTS OF CASH FLOWS**

	Year Ended December 31,	
	2016	2015
Cash flows from operating activities		
Changes in net assets	\$ 292,015	\$ 294,711
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Realized and unrealized (gains) losses on investments	(44,656)	35,379
Noncash contributions of investment securities	(47,252)	(305,584)
Net cash provided by operating activities	200,107	24,506
 Cash flows from investing activities		
Proceeds from sale of investments	759,026	448,646
Purchases of investment securities	(888,134)	(456,627)
Net cash used in investing activities	(129,108)	(7,981)
 Net increase in cash and cash equivalents	70,999	16,525
Cash and cash equivalents, beginning of year	24,285	7,760
 Cash and cash equivalents, end of year	\$ 95,284	\$ 24,285

See accompanying notes and independent accountants' review report.

**NATIVITY SCHOOL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

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.

**NATIVITY SCHOOL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

Note A – Summary of Significant Accounting Policies (Continued)

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.

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,	
	2016	2015
Common stocks	\$ 174,716	\$ 49,306
Mutual funds - fixed income	173,835	\$ 154,486
Mutual funds - equities	414,712	\$ 338,455
Total investments	\$ 763,263	\$ 542,247

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, 2016 and 2015, these contributions were \$72,252 and \$305,584 or 30% 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 legal, accounting, and webmaster services for each year ended December 31, 2016 and 2015 which is recorded as contributions on the statements of activities.

**NATIVITY SCHOOL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

Note E – Subsequent Events

Management has evaluated subsequent events through September 14, 2017 the date on which the financial statements were available to be issued. No such events requiring disclosure were identified.

Nativity School Foundation
Schedule of Functional Expenses
For the Year Ended December 31, 2016

	Program Expenses	General & Administrative	Fundraising	Total
Investment fees & bank charges	\$ -	\$ 9,185	\$ -	\$ 9,185
Professional fees	-	5,175	-	5,175
Office supplies	-	207	-	207
Printing and copying			625	625
Total expenses	\$ -	\$ 14,567	\$ 625	\$ 15,192

See independent accountants' review report.