

**NATIVITY SCHOOL FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**



**NATIVITY SCHOOL FOUNDATION
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DECEMBER 31, 2017 and 2016**

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Certified Public Accountants & Business Consultants

AVL WEALTHCARE, LLC
Wealth Management

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

February 20, 2019

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, 2017 and 2016, 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
February 20, 2019

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,	
	2017	2016
Assets		
Cash and cash equivalents	\$ 127,904	\$ 95,284
Investments, equity and debt securities	916,531	763,263
Total assets	\$ 1,044,435	\$ 858,547
 Net assets		
Unrestricted	\$ 1,044,435	\$ 858,547
 Total net assets	\$ 1,044,435	\$ 858,547

See accompanying notes and independent accountants' review report.

**NATIVITY SCHOOL FOUNDATION
STATEMENTS OF ACTIVITIES**

	Year Ended December 31,	
	2017	2016
Support and revenue		
Contributions	\$ 86,969	\$ 247,031
Fundraising income	1,155	596
Interest and dividends	21,623	14,924
Net realized and unrealized gains (losses) - investment securities	94,399	44,656
Total support and revenue	204,146	307,207
 Expenses		
General and administrative	17,178	14,567
Fundraising	1,080	625
Total expenses	18,258	15,192
 Changes in net assets	185,888	292,015
 Net assets, beginning of year	858,547	566,532
 Net assets, end of year	\$ 1,044,435	\$ 858,547

See accompanying notes and independent accountants' review report.

**NATIVITY SCHOOL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

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 4% of the net asset balance of the Foundation, however, in no event will the Foundation make a distribution if the Fund balance is less than \$1,000,000. 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, 2017 and 2016**

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,	
	2017	2016
Common stocks	\$ 655,563	\$ 174,716
Mutual funds - fixed income	236,118	173,835
Mutual funds - equities	24,850	414,712
Total investments	\$ 916,531	\$ 763,263

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. This however ended in 2017 and the Foundation is no longer significantly dependent on this board member and family.

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, 2017 and 2016 which is recorded as contributions on the statements of activities.

**NATIVITY SCHOOL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

Note E – Subsequent Events

Management has evaluated subsequent events through February 20, 2019, 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, 2017

	Program Expenses	General & Administrative	Fundraising	Total
Investment fees & bank charges	\$ -	\$ 13,672	\$ -	\$ 13,672
Professional fees	-	3,203	-	3,203
Office supplies	-	303	-	303
Printing and copying			1,080	1,080
Total expenses	\$ -	\$ 17,178	\$ 1,080	\$ 18,258

See independent accountants' review report.