

**NATIVITY SCHOOL FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**



**NATIVITY SCHOOL FOUNDATION
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ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC
Certified Public Accountants & Business Consultants

AVL WEALTHCARE, LLC
Wealth Management

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

December 21, 2015

To the Board of Directors
Nativity School Foundation
Biloxi, Mississippi

We have reviewed the accompanying statements of financial position of Nativity School Foundation (a nonprofit organization) as of December 31, 2014 and 2013, and the related statements of activities, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 conformity with accounting principles generally accepted in the United States of America.

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>2014</u>	<u>2013</u>
Assets		
Cash and cash equivalents	\$ 7,760	\$ 61,426
Investments, equity and debt securities	<u>264,061</u>	<u>96,717</u>
Total assets	<u>\$ 271,821</u>	<u>\$ 158,143</u>
Net assets		
Unrestricted	\$ 271,821	\$ 158,143
Total net assets	<u>271,821</u>	<u>158,143</u>
Total liabilities and net assets	<u>\$ 271,821</u>	<u>\$ 158,143</u>

See accompanying notes and independent accountants' review report.

**NATIVITY SCHOOL FOUNDATION
STATEMENTS OF ACTIVITIES**

	Year Ended December 31,	
	2014	2013
Support and revenue		
Contributions	\$ 107,933	\$ 55,090
Interest and dividends	3,940	2,306
Net realized and unrealized gains	4,419	4,490
Total support and revenue	116,292	61,886
 Expenses		
General and administrative	2,614	2,154
Total expenses	2,614	2,154
 Changes in net assets	113,678	59,732
 Net assets, beginning of year	158,143	98,411
Net assets, end of year	\$ 271,821	\$ 158,143

See accompanying notes and independent accountants' review report.

**NATIVITY SCHOOL FOUNDATION
STATEMENTS OF CASH FLOWS**

	Year Ended December 31,	
	2014	2013
Cash flows from operating activities		
Changes in net assets	\$ 113,678	\$ 59,732
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Realized and unrealized gains on investments	(4,419)	(4,490)
Noncash contributions of investment securities	(104,344)	-
Net cash provided by operating activities	4,915	55,242
 Cash flows from investing activities		
Proceeds from sale of investments	4,006	3,129
Purchase of investment securities	(62,587)	(95,356)
Net cash used in investing activities	(58,581)	(92,227)
 Net decrease in cash and cash equivalents	(53,666)	(36,985)
Cash and cash equivalents, beginning of year	61,426	98,411
 Cash and cash equivalents, end of year	\$ 7,760	\$ 61,426

See accompanying notes and independent accountants' review report.

NOTES TO FINANCIAL STATEMENTS

**NATIVITY SCHOOL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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, 2014 AND 2013**

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 market 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,	
	2014	2013
Common stocks	\$ 104,925	\$ -
Mutual funds - fixed income	114,522	64,835
Mutual funds - equities	44,614	31,882
Total investments	\$ 264,061	\$ 96,717

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, 2014 and 2013, these contributions were \$104,344 and \$50,000 or 97% and 91% 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, 2014 and 2013 which is recorded as contributions on the statements of activities.

Note E – Subsequent Events

Management has evaluated subsequent events through December 21, 2015, the date on which the financial statements were available to be issued. No such events requiring disclosure were identified.