

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Audited Financial Statements
Years Ended June 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

Nativity Jesuit Academy, Inc.
Milwaukee, Wisconsin

We have audited the accompanying financial statements of Nativity Jesuit Academy, Inc. ("School") which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses, and cash flows for the years then ended, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 accounting 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 the School as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended June 30, 2020, the School adopted new accounting guidance, Update 2016-08 Topic 606, *Revenue from Contracts with Customers* and Update (ASU) 2018-08 – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Prior Period Restatement

Due to the implementation of FASB ASU 2016-14, a prior period reclassification was made and is further discussed in note 23 to the financial statements. The reclassification reflects a change to the beginning of year net assets with donor restrictions as of June 30, 2019, based on management's interpretation of the aforementioned FASB pronouncement. Accordingly, beginning of year net assets without donor restriction and beginning of year net assets with donor restriction as of June 30, 2019 have been reclassified to properly reflect the FASB ASU 2016-14. Overall, there is no change to the aggregate net assets as of June 30, 2019. Our opinion is not modified with respect to this matter.

Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Private School Choice Programs ("PSCP") reserve balance for standard financial audits, as required by the Wisconsin Department of Public Instruction, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In addition, the balances have been subjected to auditing procedures required by Wisconsin Statutes 118.60 and 119.23 and Wisconsin Administrative Codes PI 35 and PI 48. In our opinion, the PSCP reserve balance for standard financial audits is free of material misstatements and fairly presents the School's eligible education expenses as required under Wisconsin Statutes 118.60 and 119.23 and Wisconsin Administrative Codes PI 35 and PI 48.

September 30, 2020
Milwaukee, Wisconsin

NATIVITY JESUIT ACADEMY, INC.

Milwaukee, Wisconsin

Statements of Financial Position

June 30, 2020 and 2019

Assets:	<u>2020</u>	<u>Restated 2019</u>
Current Assets:		
Cash and equivalents	\$ 1,282,856	\$ 1,755,307
Investments	6,079,710	5,997,654
Accounts receivable (less allowance for doubtful accounts of \$5,000 and \$4,000, respectively)	25,033	11,586
Prepaid expenses	33,904	49,168
Furniture deposits	---	55,145
Current portion of promises to give	181,750	359,006
Current portion of grants receivable	---	99,000
Total current assets	<u>7,603,253</u>	<u>8,326,866</u>
Noncurrent portion of promises to give (less discount of \$816 and \$14,735, respectively)	319,882	472,403
Land, building and equipment (less accumulated depreciation of \$2,505,240 and \$2,223,288, respectively)	<u>8,010,028</u>	<u>6,359,653</u>
Total assets	<u>\$ 15,933,163</u>	<u>\$ 15,158,922</u>
Liabilities and Net Assets:		
Current Liabilities:		
Accounts payable	\$ 65,838	\$ 179,462
Accrued payroll and related liabilities	152,012	234,956
Deferred revenue	27,290	33,448
Paycheck Protection Program loan	436,200	---
Total current liabilities	<u>681,340</u>	<u>447,866</u>
Net Assets:		
Without donor restrictions	12,176,648	8,189,879
With donor restrictions	3,075,175	6,521,177
Total net assets	<u>15,251,823</u>	<u>14,711,056</u>
Total liabilities and net assets	<u>\$ 15,933,163</u>	<u>\$ 15,158,922</u>

The accompanying notes to financial statements
are an integral part of these statements.

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Statement of Activities
For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Exchange transactions:			
School choice voucher income	\$ 1,862,649	\$ ---	\$ 1,862,649
School choice summer school income	47,299	---	47,299
Private pay tuition	9,938	---	9,938
Program fees	16,522	---	16,522
Total exchange transactions	1,936,408	---	1,936,408
Nonexchange transactions:			
Contributions	764,524	99,479	864,003
Grants	461,570	50,000	511,570
Government grants	36,683	---	36,683
USDA food revenue	116,755	---	116,755
Contributed goods and services	209,403	---	209,403
Gain on sale of land, building and equipment	353,029	---	353,029
Miscellaneous revenue	13,515	---	13,515
Total nonexchange transactions	1,955,479	149,479	2,104,958
Special events:			
Revenues	239,902	---	239,902
Less: Direct benefit to donor	(47,220)	---	(47,220)
Net special events	192,682	---	192,682
Investment activity:			
Dividends and interest	161,178	107,203	268,381
Net realized/unrealized losses on investments	(95,348)	(65,135)	(160,483)
Less: Investment fees	(12,604)	(8,656)	(21,260)
Net investment activity	53,226	33,412	86,638
Net assets released from restrictions	3,628,893	(3,628,893)	---
Net revenues	7,766,688	(3,446,002)	4,320,686
Expenses:			
Program services	3,167,947	---	3,167,947
Management and general	254,518	---	254,518
Fundraising	357,454	---	357,454
Total expenses	3,779,919	---	3,779,919
Change in net assets	3,986,769	(3,446,002)	540,767
Net assets, beginning of year as restated	8,189,879	6,521,177	14,711,056
Net assets, end of year	\$ 12,176,648	\$ 3,075,175	\$ 15,251,823

The accompanying notes to financial statements
are an integral part of these statements.

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Statement of Activities - As Restated
For the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Exchange transactions:			
School choice voucher income	\$ 1,822,190	\$ ---	\$ 1,822,190
School choice summer school income	46,636	---	46,636
Private pay tuition	2,600	---	2,600
Program fees	28,721	---	28,721
Total exchange transactions	1,900,147	---	1,900,147
Nonexchange transactions:			
Contributions	472,762	765,974	1,238,736
Grants	44,800	15,433	60,233
Government grants	709	---	709
USDA food revenue	150,534	---	150,534
Contributed goods and services	190,765	---	190,765
Miscellaneous revenue	16,391	---	16,391
Total nonexchange transactions	875,961	781,407	1,657,368
Special events:			
Revenues	282,132	---	282,132
Less: Direct benefit to donor	(45,721)	---	(45,721)
Net special events	236,411	---	236,411
Investment activity:			
Dividends and interest	207,120	123,003	330,123
Net realized/unrealized gains on investments	(2,839)	(543)	(3,382)
Less: Investment fees	(13,333)	(8,402)	(21,735)
Net investment activity	190,948	114,058	305,006
Net assets released from restrictions	351,671	(351,671)	---
Net revenues	3,555,138	543,794	4,098,932
Expenses:			
Program services	3,244,326	---	3,244,326
Management and general	245,803	---	245,803
Fundraising	353,570	---	353,570
Total expenses	3,843,699	---	3,843,699
Change in net assets	(288,561)	543,794	255,233
Net assets, beginning of year as previously stated	10,092,030	4,380,293	14,472,323
Reclassification of net assets	(1,597,090)	1,597,090	---
Prior period adjustment	(16,500)	---	(16,500)
Net assets, beginning of year, as restated	8,478,440	5,977,383	14,455,823
Net assets, end of year as restated	\$ 8,189,879	\$ 6,521,177	\$ 14,711,056

The accompanying notes to financial statements
are an integral part of these statements.

NATIVITY JESUIT ACADEMY, INC.

Milwaukee, Wisconsin

Statements of Functional Expenses

For the Years Ended June 30, 2020 and 2019

	2020			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses				
Salaries and wages	\$ 1,538,415	\$ 200,016	\$ 211,217	\$ 1,949,648
Employee benefits	367,810	49,362	65,967	483,139
Scholarships expense	96,890	---	---	96,890
Food and beverage	117,560	109	3,547	121,216
Automobile	7,134	---	---	7,134
Telephone and internet	10,360	---	---	10,360
Utilities	66,769	---	---	66,769
Repairs and maintenance	119,761	---	---	119,761
Insurance	51,114	1,516	1,852	54,482
Printing and subscriptions	2,550	---	7,731	10,281
Postage and supplies	3,919	454	16,289	20,662
Professional fees	199,604	1,019	38,795	239,418
Professional development	26,674	---	124	26,798
Travel	19,596	---	---	19,596
Textbooks and curriculum	81,702	40	---	81,742
Equipment and fixtures	175,374	---	37	175,411
Depreciation	276,946	2,002	3,004	281,952
Bad debts expense	3,234	---	---	3,234
Special event expenses	---	---	8,121	8,121
Miscellaneous	2,535	---	770	3,305
Total	\$ 3,167,947	\$ 254,518	\$ 357,454	\$ 3,779,919

	2019			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses				
Salaries and wages	\$ 1,494,752	\$ 194,645	\$ 201,992	\$ 1,891,389
Employee benefits	363,808	46,660	72,369	482,837
Scholarships expense	81,187	---	---	81,187
Food and beverage	171,206	---	4,290	175,496
Automobile	8,361	---	---	8,361
Telephone and internet	10,066	---	---	10,066
Utilities	70,386	---	---	70,386
Repairs and maintenance	107,326	---	---	107,326
Insurance	46,135	2,568	2,020	50,723
Printing and subscriptions	2,419	---	13,765	16,184
Postage and supplies	5,114	269	10,101	15,484
Professional fees	200,478	---	32,206	232,684
Professional development	9,783	---	1,687	11,470
Travel	26,257	---	662	26,919
Textbooks and curriculum	96,667	---	---	96,667
Equipment and fixtures	314,656	---	129	314,785
Depreciation	227,080	1,661	2,492	231,233
Bad debts expense	1,286	---	---	1,286
Special event expenses	---	---	10,982	10,982
Miscellaneous	7,359	---	875	8,234
Total	\$ 3,244,326	\$ 245,803	\$ 353,570	\$ 3,843,699

The accompanying notes to financial statements
are an integral part of these statements.

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>Restated 2019</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 540,767	\$ 255,233
Adjustments to reconcile change in net assets to net cash and equivalents provided by operating activities:		
Loss on investments	160,483	3,382
Gain on sale of land, building and equipment	(353,029)	---
Depreciation	281,952	231,233
Change in allowance for doubtful accounts	1,000	(2,000)
Change in assets and liabilities:		
Accounts receivable	(14,447)	4,988
Promises to give (net of discount)	329,777	130,503
Grants receivable (net of discount)	99,000	297,567
Prepaid expenses	15,264	16,858
Furniture deposits	55,145	15,003
Accounts payable	(113,624)	(328,493)
Accrued payroll and related liabilities	(82,944)	23,141
Deferred revenue	(6,158)	1,859
Total adjustments	<u>372,419</u>	<u>394,041</u>
Net cash and equivalents provided by operating activities	<u>913,186</u>	<u>649,274</u>
Cash Flows from Investing Activities:		
Proceeds from sale of investments	266,549	698,268
Purchase of investments	(509,089)	(680,872)
Proceeds from sale of land, building and equipment	430,247	---
Acquisition of land, property and equipment	(2,009,544)	(728,157)
Net cash and equivalents used by investing activities	<u>(1,821,837)</u>	<u>(710,761)</u>
Cash Flows from Financing Activities:		
Borrowings on Paycheck Protection Program loan	436,200	---
Net decrease in cash and equivalents	<u>(472,451)</u>	<u>(61,487)</u>
Cash and equivalents, beginning of year	<u>1,755,307</u>	<u>1,816,794</u>
Cash and equivalents, end of year	<u>\$ 1,282,856</u>	<u>\$ 1,755,307</u>
Schedule of significant noncash transactions:		
Contributed goods and services	\$ 209,403	\$ 190,765
Donated securities	\$ 26,775	\$ 189,855
Land, property and equipment in accounts payable	\$ ---	\$ 129,988

The accompanying notes to financial statements
are an integral part of these statements.

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019

1. Summary of Significant Accounting Policies

Nature of Activities

Nativity Jesuit Academy, Inc. ("School") is a Catholic, Jesuit, urban school serving young men and women sponsored by the Midwest Jesuit Province. The School prepares students, in partnership with their families, for Christian leadership and service in high school, college, and life. Through a holistic education program, the School strives to form leaders who are: intellectually competent, open to growth, religious, loving and committed to justice. Like Christ who came "not to be served, but to serve" (Mark 10:45), the School transforms students to become men and women for and with others.

The School is a K4 - 8th grade Jesuit academy, serving low-income families, in the heart of the growing Latino community in Milwaukee. The School's program promotes a holistic growth of its students, developing their character through rigorous classes, an extended school day, an academic residential summer camp experience, an innovative blended learning curriculum, a parental volunteer program, and a graduate support program. An education at the School prepares graduates for area college-preparatory Catholic high schools, helping students from the time they are in kindergarten to look forward to a college education. This is done with a strong collaboration with parents, community volunteers and mentors.

Part of the School's model is the integral summer academic session to continue student learning for the entire year. The incoming sixth through eighth grade classes attend summer school at the School's Mercer location, affectionately called Camp Thunderhead. At Camp Thunderhead, students study their core classes during the day while being exposed to other activities such as hiking, fishing, boating, and biking. The students live on the property for the five week session and write home to their families.

Other grades attend summer school at the Milwaukee campus.

The School joined the Private School Choice Program ("PSCP") in the fall of 2014, which provides an opportunity for students, under specific circumstances, to attend at no charge, private sectarian and nonsectarian schools located in the city of Milwaukee.

The School's main sources of revenue are contributions, PSCP voucher income, and investment income.

The School is organized as a 501(c)(3) not-for-profit entity. As a member of the United States Catholic Conference, the School is covered by the Conference's group exemption, and therefore is not required to file an informational return.

Basis of Accounting

The School's financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The financial statements of the School have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the School to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the School. The governing board has designated, from net assets without donor restrictions, net assets for a Quasi-Endowment. See note 4 for information regarding the dissolving of the Quasi-Endowment during the year.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Investment Valuation and Income Recognition

U.S. GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under U.S. GAAP are described as follows:

Level 1 – Inputs to the valuation methodology that are unadjusted quoted prices for identical assets or liabilities in active markets that the School has the ability to access.

Level 2 – Inputs other than quoted prices that are observable for securities, either directly or indirectly. Examples include matrix pricing utilizing yield curves, prepayment speeds, credit risks, etc.; quoted prices for similar assets in active markets; and inputs derived from observable market data by correlation or other means. The School does not have any such investments.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology that are unobservable and significant to the fair value measurement. The School does not have any such investments.

Purchases and sales of investments are recorded on a trade-date basis. Dividend and interest income is recorded on the accrual basis. Unrealized and realized gains and losses are reported in the statement of activities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Investment Valuation and Income Recognition (Continued)

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2020 and 2019.

Mutual funds and taxable bond funds: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the School believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Furniture Deposits

There were no furniture deposits as of June 30, 2020. As of June 30, 2019, furniture deposits consist of five deposits for various school-wide furniture items to be initially received and used in the 2019-2020 school year. Furniture deposits are stated at cost.

Land, Building and Equipment

All land, building and equipment are stated at cost or in the case of donated property, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method mid-month convention over the estimated useful lives. The School's policy is to capitalize all land, building and equipment costing over \$5,000 per item with a useful life greater than one year. The School has the following land, building and equipment categories with the estimated lives consisting of the following:

Building and building and land improvements	25 - 45 years
Land improvements	12 - 40 years
Educational media	3 years
Equipment	3 years

Contributed Goods and Services

The School reports various types of contributed goods and services support, including accounting services, teaching services, printing services, and legal services. Donated equipment is recognized at their estimated values on the date received. Donated services are reported in the financial statements for voluntary donations of professional services when those services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically would be purchased if not provided by donation. Such contributed goods and services totaled \$209,403 and \$190,765 for the years ended June 30, 2020 and 2019, respectively. The amounts reflected in the financial statements as part of contributions revenue are offset by like amounts capitalized as equipment and are depreciated over the equipment's useful life or are offset as expense, as appropriate.

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Contributed Goods and Services (Continued)

The School recorded the following contributed goods and services for the years ended June 30:

<u>Description of Contribution</u>	<u>2020</u>	<u>2019</u>
Printing	\$ ---	\$ 12,520
Accounting	5,000	13,030
Professional services	1,350	11,623
Title teachers	194,534	146,335
Other	8,519	7,257
Total	<u>\$ 209,403</u>	<u>\$ 190,765</u>

The School also received contributed services for its various programs from volunteers which do not meet the recognition criteria described above. No amounts have been reflected in the financial statements for these contributed services.

Deferred Revenue

Deferred revenue consists of deposits received for goods or services for which the respective goods or services will be provided or given in a future year. Deferred revenue consists of deposits towards tuition, fees, and the parent program at Camp Thunderhead. Deferred revenues totaled \$27,290 and \$14,248 as of June 30, 2020 and 2019, respectively.

Accounts Receivable and Grants Receivable

Accounts and grants receivable are reported at contract values, less an allowance for uncollectible accounts. Management determines the need for an allowance for doubtful accounts based on experience relative to the possibility of collection. Management has established an allowance for uncollectible accounts amounting to \$5,000 and \$4,000 as of June 30, 2020 and 2019, respectively.

Promises to Give

Promises to give for support of current operations are recorded as support in contributions and grants without donor restriction in the statement of activities. Promises to give for support of future operations and promises to give with donor stipulations are recorded as support in contributions and grants with donor restriction in the statement of activities.

Promises to give that are expected to be collected within one year are recorded at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value.

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The School recognizes revenue based on the existence or absence of an exchange transaction. The School recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or by transferring control of a product to a customer. Revenue from performance obligations satisfied at a point in time or over a period of time consists of the following:

- **Parental choice voucher and summer school revenue** – recognized as performance obligations (education) are met as it represents a payment from a third-party payer on behalf of an existing exchange transaction (tuition).
- **Tuition** – recognized as performance obligations (education) are met

Revenue from non-exchange transactions consist of the following:

- **Contributions, grants, and promises to give** - received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue and net assets without donor restriction. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized at the 2-year United States Treasury rate and is reported as contribution revenue.
- **Federal and state contracts** – Federal and state contracts, including food revenue from the United States Department of Agriculture (“USDA”), are conditional upon the incurrence of allowable qualifying expenses. Revenue is recorded as allowable qualifying expenses are incurred.

Revenue that has characteristics of both exchange and non-exchange transactions consist of the following:

- **Special event revenue** – The direct benefit to donors is recognized as revenue as an exchange transaction, while the remaining is recognized as a non-exchange contribution.

Statements of Cash Flows

For the purposes of the statements of cash flows, the School considers cash and equivalents to include cash on hand and cash in checking accounts.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Functional Expenses

The costs of program, management and general and fundraising activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. These expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated based on time and effort, full-time equivalent, and square footage.

Changes in Accounting Principle

Financial Accounting Standards Board (“FASB”) Accounting Standards Updated (“ASU”) 2016-14 Codification Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or a point in time, and expand disclosures about revenue. We have implemented Topic 606 and have adjusted the presentation in these financial statements accordingly. The amendment has been applied retrospectively. See note 23 for the summary of impact from this implementation.

In June 2018, the FASB issued ASU 2018-08 – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have implemented ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under the full prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (September 30, 2020). Subsequent to year end, the School signed two contracts for construction work. See note 18 for further information. In addition, the COVID-19 outbreak in the United States has caused economic disruption. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of it. As a result, economic uncertainties have arisen which are likely to negatively impact future revenues. Other financial impact could occur though such potential impact is unknown at this time.

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

2. Liquidity and Availability

Financial assets available for general expenditure and other contractual obligations, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position, comprise the following:

	June 30,	
	2020	2019
Financial assets:		
Cash and equivalents	\$ 1,282,856	\$ 1,755,307
Investments	6,079,710	5,997,654
Accounts receivable, net	25,033	11,586
Current portion of promises to give	181,750	359,006
Current portion of grants receivable	---	99,000
Total financial assets	7,569,349	8,222,553
Less amounts not available to be used within one year for general expenditures and other contractual obligations:		
Net assets with donor restrictions	(3,075,175)	(6,521,177)
Assets held in quasi-endowment (Note 4)	---	(3,555,580)
Add: Capital campaign restrictions currently in construction in progress	---	2,403,712
Add: Current portion of non-campaign promises to give and grants receivable	181,750	149,000
Add: Assets available per spending policy	---	177,779
Financial assets available to meet general expenditures and other contractual obligations within one year	\$ 4,675,924	\$ 876,287

Notes 4 and 17 further describe the School's investment spending policy and endowment funds.

In addition to financial assets available to meet general expenditures and other contractual obligations over the next 12 months, the School operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures and other contractual obligations not covered by donor-restricted resources. In addition, should short-term needs arise, the School has the ability to borrow up to \$750,000 on their line of credit. See note 13 for details.

3. Investments

Investments are detailed below:

	Fair Value	
	June 30,	
	2020	2019
Without donor restrictions	\$ 3,604,224	\$ 3,555,580
With donor restrictions:		
Camp Thunderhead investment income	105,637	100,735
Scholarship investment income	260,744	240,019
Building maintenance investment income	76,782	68,997
Camp Thunderhead endowments	257,500	257,500
Building maintenance endowment	500,000	500,000
Scholarship endowments	1,274,823	1,274,823
Total with donor restrictions	2,475,486	2,442,074
Total investments	\$ 6,079,710	\$ 5,997,654

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

3. Investments (Continued)

Investments consist of the following at June 30:

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Money market funds	\$ 33,754	\$ 33,754	\$ 20,935	\$ 20,935
Mutual funds	4,409,091	3,917,010	4,181,206	3,747,369
Taxable bond funds	1,636,865	1,568,500	1,795,513	1,800,348
Total	\$ 6,079,710	\$ 5,519,264	\$ 5,997,654	\$ 5,568,652

The following summarizes the classification of investments at fair value as of June 30, 2020 by classification and method of valuation in accordance with the requirements of U.S. GAAP:

	Fair Value			Exempt from Disclosure	Total
	Level 1	Level 2	Level 3		
Money market funds	\$ ---	\$ ---	\$ ---	\$ 33,754	\$ 33,754
Mutual funds	4,409,091	---	---	---	4,409,091
Taxable bond funds	1,636,865	---	---	---	1,636,865
Total	\$ 6,045,956	\$ ---	\$ ---	\$ 33,754	\$ 6,079,710

The following summarizes the classification of investments at fair value as of June 30, 2019 by classification and method of valuation in accordance with the requirements of U.S. GAAP:

	Fair Value			Exempt from Disclosure	Total
	Level 1	Level 2	Level 3		
Money market funds	\$ ---	\$ ---	\$ ---	\$ 20,935	\$ 20,935
Mutual funds	4,181,206	---	---	---	4,181,206
Taxable bond funds	1,795,513	---	---	---	1,795,513
Total	\$ 5,976,719	\$ ---	\$ ---	\$ 20,935	\$ 5,997,654

Money market funds are exempt from fair value disclosure due to investments being valued at net asset value.

4. Board Designated Funds – Quasi-Endowment

The School created a board designated quasi-endowment fund (“Fund”), which has the characteristics of an endowment fund. The School invested the Fund’s assets in funds maintained by Robert W. Baird & Co. Incorporated (“Baird”). The investment policy of the School also governs the rate at which funds are released for supporting current operations, following a disciplined spending rule of 5 percent of market value. Yearly fluctuations due to changes in portfolio value are moderated by a smoothing rule, which uses a 12 quarter moving average of portfolio market value, with a budgeting lead time of six months. That is, the moving average will be determined after the last quarter of the calendar year preceding the fiscal year in which the funds are to be spent. It is understood that during some periods of time it might be necessary for the School to spend more than 5 percent of the portfolio to meet necessary School operating expenses, with board approval. The investment balances are reviewed by the investment committee on a quarterly basis, and the investment policy is reviewed annually.

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

4. Board Designated Funds – Quasi-Endowment (Continued)

As of February 27, 2020, the School removed language in their investment policy that would require this balance to be maintained, thus there is no Fund balance as of June 30, 2020

The Fund is summarized as follows as of June 30, 2019:

Investments	
Money market funds	\$ 20,935
Mutual funds	4,181,206
Taxable bond funds	<u>1,795,513</u>
Total investments	5,997,654
Less: Endowment funds (See note 17)	<u>(2,442,074)</u>
Total fund	<u>\$ 3,555,580</u>

5. Promises to Give

Promises to give are included in the financial statements as revenue of the appropriate category. Promises to give are recorded after discounting to the present value of the future cash flows using the 2-year United States Treasury rate. The rates used to discount the promises to give were 0.16 percent and 1.75 percent as of June 30, 2020 and 2019, respectively.

Promises to give as of June 30, consisted of the following:

	<u>2020</u>		<u>2019</u>
Due within one year	\$ 181,750	\$	359,006
Due in one to five years	<u>320,698</u>		<u>487,138</u>
	502,448		846,144
Less discount	<u>(816)</u>		<u>(14,735)</u>
Net promises to give	<u>\$ 501,632</u>	\$	<u>831,409</u>

Management believes that based on past history and the composition of the donors that all accounts are collectible. Therefore, no allowance is considered necessary.

6. Grants Receivable

Grants receivable are recorded after discounting to the present value of the future cash flows. Grants receivable as of June 30, 2020 and 2019 were \$0 and \$99,000, respectively. There was no discount rate used to discount the grants receivable as of June 30, 2019, as all were due to be received by the School within one year.

Management believes that based on past history and the composition of the grantors that all accounts are collectible. Therefore, no allowance is considered necessary.

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

7. Land, Building and Equipment

A summary of land, building and equipment follows:

	June 30, 2019	Additions	Disposals/ Transfers	June 30, 2020
Camp Thunderhead:				
Building improvements	\$ 1,275,561	\$ 757,465	\$ 38,657	\$ 2,071,683
Land	702,990	---	(77,217)	625,773
Equipment and furniture	16,225	14,900	---	31,125
Construction in progress	233,742	---	(233,742)	---
School:				
Building	5,459,746	1,215,051	195,085	6,869,882
Equipment	43,788	12,561	---	56,349
Automobiles	67,237	---	---	67,237
Building improvements	373,787	9,567	---	383,354
Land	22,556	---	---	22,556
Land improvements	387,309	---	---	387,309
Total cost	<u>8,582,941</u>	<u>2,009,544</u>	<u>(77,217)</u>	<u>10,515,268</u>
Less: accumulated depreciation	<u>(2,223,288)</u>	<u>(281,952)</u>	<u>---</u>	<u>(2,505,240)</u>
Net book value	<u>\$ 6,359,653</u>	<u>\$ 1,727,592</u>	<u>\$ (77,217)</u>	<u>\$ 8,010,028</u>
	June 30, 2018	Additions	Disposals/ Transfers	June 30, 2019
Camp Thunderhead:				
Building improvements	\$ 1,200,661	\$ ---	\$ 74,900	\$ 1,275,561
Land	702,990	---	---	702,990
Equipment and furniture	16,225	---	---	16,225
Construction in progress	1,319,946	833,820	(1,920,024)	233,742
School:				
Building	4,024,487	---	1,435,259	5,459,746
Equipment	175,064	---	(131,276)	43,788
Automobiles	67,237	---	---	67,237
Building improvements	349,462	24,325	---	373,787
Land	---	---	22,556	22,556
Land improvements	---	---	387,309	387,309
Total cost	<u>7,856,072</u>	<u>858,145</u>	<u>(131,276)</u>	<u>8,582,941</u>
Less: accumulated depreciation	<u>(2,123,331)</u>	<u>(231,233)</u>	<u>131,276</u>	<u>(2,223,288)</u>
Net book value	<u>\$ 5,732,741</u>	<u>\$ 626,912</u>	<u>\$ ---</u>	<u>\$ 6,359,653</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$281,952 and \$231,233, respectively.

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

8. Construction in Progress

There was no construction in progress as of June 30, 2020.

As of June 30, 2019, the School has recognized as construction in progress \$195,085, related to the Milwaukee summer 2019 capital campaign project. The School has a signed contract with the general contractor for this project for approximately \$1,200,000. Management's estimate of the total cost of the project is \$1,500,000 due to necessary expenditures that are outside of the scope of the contract with the general contractor. The project is expected to be completed by October 31, 2019.

As of June 30, 2019, the School has recognized as construction in progress \$38,657, related to the Mercer 2019 capital campaign project. The School has a signed contract with the general contractor for this project for \$750,000. Management's estimate of the total cost of the project is \$1,000,000 due to necessary expenditures that are outside the scope of the contract with the general contractor. The project is expected to be completed by January 31, 2020.

9. Scholarship Expense

The School provides assistance for its graduates to attend Catholic high schools. The School paid \$96,890 and \$81,187, respectively, net of high school financial aid, discounted tuition for PSCP students, and amounts paid by families on behalf of their students. Future levels of the School expenditures for graduates' private high school education are dependent on the financial assistance provided by the schools that the School graduates attend.

10. Employee Benefit Plan

The School has a 401(k) plan ("the Plan") covering all employees who work at least 1,000 hours per plan year, who agree to participate in the Plan. The School matches participant contributions to the Plan up to 7 percent of the individual participant's compensation as long as the individual contributes at least 5 percent of his/her salary to the Plan. Total expense for the years ended June 30, 2020 and 2019 was \$101,364 and \$102,957, respectively.

11. Net Assets

Net assets without donor restrictions at June 30, consist of:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 12,176,648	\$ 4,634,299
Quasi-endowment	---	3,555,580
Total net assets without donor restrictions	<u>\$ 12,176,648</u>	<u>\$ 8,189,879</u>

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

11. Net Assets (Continued)

Net assets with donor restrictions at June 30, 2020 and 2019 are restricted for the following purposes or periods:

Subject to expenditure for specified purpose:

	<u>2020</u>	<u>2019</u>
Scholarships	\$ 35,898	\$ 15,425
Capital campaign (including time-restricted promises to give)	---	3,897,469
School expansion (non-campaign)	8,236	8,236
Girls camp	50,000	---
School activities	3,923	8,973
Total	<u>98,057</u>	<u>3,930,103</u>

Subject to expenditure to the passage of time:

Promises to give	501,632	50,000
Grants receivable	---	99,000
Total	<u>501,632</u>	<u>149,000</u>

Subject to School spending policy and appropriation:

Camp Thunderhead investment income	105,637	100,735
Scholarship investment income	260,744	240,019
Building maintenance investment income	76,782	68,997
Total	<u>443,163</u>	<u>409,751</u>

Investment in perpetuity:

Camp Thunderhead endowments	257,500	257,500
Scholarship endowments	1,274,823	1,274,823
Building maintenance endowment	500,000	500,000
Total	<u>2,032,323</u>	<u>2,032,323</u>
Total net assets with donor restrictions	<u>\$ 3,075,175</u>	<u>\$ 6,521,177</u>

12. Paycheck Protection Program Loan

On April 15, 2020, the School obtained Paycheck Protection Program Loan ("PPP") in the amount of \$436,200. The PPP has a maturity date of April 15, 2022 and is unsecured and bears interest at 1.00% at the time of conversion. The School has elected for the 24 week period. The School has recorded the PPP as a current liability as the long-term portion of the non-forgivable amount is not readily available on the statements of financial position and will recognize the forgiven portion of the PPP once the amount of the PPP forgiveness portion is signed off on by the lender as PPP forgiveness on the statements of activities. The School estimates that the entire amount will be forgiven once the period ends.

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

13. Line of Credit

On August 1, 2018, the School entered into a three year, \$750,000 revolving line of credit due on August 1, 2021. The variable interest rate on the debt is the daily London Inter-Bank Offered Rate plus 1.10 percent. The debt is to be used to cover the timing difference between the payment of capital campaign expenditures and the receipt of capital campaign promises to give. The line of credit is secured by the rights to the School's balance in promises to give. The School has not drawn on the line of credit through the report date.

14. Ineligible Depreciation Expense

The School's land, building and equipment in the statements of financial position included land, building and equipment that did not meet the requirements of Wis. Admin. Codes PI 35, 48 and 49. The School received equipment of \$12,325, which was capitalized in land, building and equipment on the statements of financial position.

The building and equipment that did not meet the requirements are as follows as of June 30:

	<u>2020</u>		<u>2019</u>
Building and building improvements	\$ 4,200	\$	4,200
Equipment	5,625		5,625
Land improvements	2,500		2,500
Less: Accumulated depreciation	<u>(5,410)</u>		<u>(3,950)</u>
Net book value	\$ <u>6,915</u>	\$	<u>8,375</u>

Depreciation and amortization expense for this land improvements, building and equipment amounted to \$1,460 and \$1,438 for the years ended June 30, 2020 and 2019, respectively.

15. Concentrations of Credit Risk

Cash is maintained at financial institutions and, at times, balances may exceed federally insured limits. Insurance coverage is limited to \$250,000 per depositor at each financial institution. The School has not experienced any losses related to these balances as of June 30, 2020 and 2019.

16. Related-Party Transactions

The investments recorded by the School are managed externally by Baird. Some of the board members for the School are current or former employees of Baird but are not directly involved in the portfolio management for the School.

17. Endowment Funds

The School's endowment consists of individual funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

17. Endowment Funds (Continued)

The Board of Trustees of the School have interpreted the State Prudent Management of Institutional Funds Act (“SPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the School classifies as endowment funds (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation or deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the School, and (7) the School’s investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The School has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Investments selected for the endowments are well-diversified and emphasize reasonable, stable returns and not speculation.

Spending Policy. The School considers the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation when considering spending the funds. The School expects the current spending policy to allow its endowment funds to grow at a reasonable annual rate, which is consistent with the School’s objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Endowment net asset composition by type of fund as of June 30 are as follows:

		<u>2020</u>		<u>2019</u>
Original gift held in perpetuity	\$	2,032,323	\$	2,032,323
Accumulated gain		443,163		409,751
Total funds	\$	<u>2,475,486</u>	\$	<u>2,442,074</u>

Changes in endowment net assets for the years ended June 30 are as follows:

		<u>2020</u>		<u>2019</u>
Endowment net assets, beginning of year	\$	2,442,074	\$	2,325,016
Contribution		---		3,000
Investment return, net		33,412		114,058
Endowment net assets, end of year	\$	<u>2,475,486</u>	\$	<u>2,442,074</u>

The School has no endowment funds that have fallen below the fair value of the original gift as of June 30, 2020 and 2019.

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

18. Commitments and Contingencies

Subsequent to year end, the School signed two commitments to pay a total of \$160,531 for building construction. The projects related to these commitments are expected to be completed during the year ended June 30, 2021.

The School has received money from the Wisconsin Department of Public Instruction for specific purposes that are subject to review and audit by the Wisconsin Department of Public Instruction. Such audits could lead to requests for reimbursements to the Wisconsin Department of Public instruction.

19. Operating Leases

The School entered into leases for two copiers beginning in August 2016 and June 2018. Total lease expense for the years ended June 30, 2020 and 2019 was \$13,804 and \$12,536, respectively.

Future minimum lease payments under these leases are as follows:

<u>Years Ending June 30,</u>	
2021	\$ 6,888
2022	5,169
2023	4,596
2024	383
Total	\$ <u>17,036</u>

20. Special Events

Special event revenues and expenses are as follows for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Revenue:		
Non-exchange contributions	\$ 183,002	\$ 221,621
Exchange direct benefit to donor	<u>56,900</u>	<u>60,511</u>
Total revenue	239,902	282,132
Less: Direct benefit to donor	<u>(47,220)</u>	<u>(45,721)</u>
Net special events	192,682	236,411
Less: Incidental benefits	<u>(8,121)</u>	<u>(10,982)</u>
Special events, net	\$ <u>184,561</u>	\$ <u>225,429</u>

21. Risks and Uncertainties

The School invests in various investment securities. Investment securities are exposed to various risks of loss such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment balances and the amounts reported in the statements of financial position.

NATIVITY JESUIT ACADEMY, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

22. Current Vulnerability Due to Certain Concentrations

Approximately 47 percent and 49 percent of the School's net revenue during the years ended June 30, 2020 and 2019, respectively, was received as a result of its participation in the Private School Choice Program and the Food Program.

23. Restatement of Prior Year Financial Statements

Due to the current-year implementation and interpretation of FASB ASU 2016-14, two prior period adjustments were incorporated. The first was for \$16,500 to restate the beginning of year net assets as of June 30, 2019 to reflect the recognition of deferred revenue related to special events.

Second, a prior period adjustment of \$1,597,090 was made to restate the beginning of year net assets with donor restrictions as of June 30, 2019. Additionally, the net assets released from restrictions reflects the net change of \$806,622, which is the sum of the movements from the previously stated prior-year change in net assets of \$262,828 and as restated prior-year change in net assets of \$543,794 under the new methodology. The statement of financial position and statement of activities for the year ended June 30, 2019 have been restated. Management's interpretation of FASB ASU 2016-14 is that restricted funds related to a capital campaign are reported as released once the project is completed. With the completion of the capital campaign project during the year ended June 30, 2020, all restricted funds have been released. In the aggregate there is no impact to net assets.

The following changes were made to the June 30, 2019 financial statements:

Changes on Statement of Financial Position

	As Previously Reported	Adjustments	As Restated
Deferred revenue	\$ 14,248	\$ 19,200	\$ 33,448
Net assets without donor restrictions	10,612,791	(2,422,912)	8,189,879
Net assets with donor restrictions	4,117,465	2,403,712	6,521,177

Changes on Statement of Activities

	As Previously Reported	Adjustments	As Restated
Special event revenues	\$ 284,832	\$ (2,700)	\$ 282,132
Net assets released from restrictions	(1,158,293)	806,622	(351,671)
Net assets, beginning of year	14,472,323	(16,500)	14,455,823

24. Reclassifications

Certain line items were reclassified on the June 30, 2019 statement of activities and statement of functional expenses. These changes do not impact total net assets. These reclassifications have no impact on eligible expenses.

Nativity Jesuit Academy
Private School Choice Programs (PSCP) Reserve Balance for Standard Financial Audits
Year Ending June 30, 2020

NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS			
Line	A Line Description	B Non-Eligible Expenses & Offsetting Revenue	C Amount
1	Expenses on Statement of Activities		\$ 3,801,179
2	Ineligible Deprecation Expense	1,460	
3	Contributed Expenses Other Than Fixed Assets	209,403	
4	Bad Debt Expense	3,234	
5	Scholarship Awards & Other Financial Support for Pupils	96,890	
6	Daycare Expenses	-	
7	School District Partnership Expenses	-	
8	Church Expenses	-	
9	Eligible Education Expenses Primarily for SNSP Pupils	-	
10	Eligible Education Expenses on SNSP Statements of Actual Cost	-	
11	Other Non-Eligible Expenses	-	
12	Less: Total Non-Eligible Expenses		\$ 310,987
13	Add: Eligible Education Expense for Land		-
14	Eligible Education Expenses		\$ 3,490,192
15	Government Assistance	153,438	
16	Fundraising Revenue	8,121	
17	Insurance Proceeds	-	
18	Less: Total Offsetting Revenue		\$ 161,559
19	Adjustments to Prior Year Net Eligible Education Expenses		-
20	Net Eligible Education Expenses for All Pupils		\$ 3,328,633
PERCENTAGE OF PUPILS PARTICIPATING IN PSCP			
21	PSCP Pupil Average Full-Time Equivalent <i>3rd Friday Sept & 2nd Friday Jan Average FTE</i>		231.50
22	All Pupil Average Full-Time Equivalent <i>3rd Friday Sept & 2nd Friday Jan Average FTE</i>		239.25
23	Percentage of Pupils Participating in PSCP		96.76%
PSCP RESERVE BALANCE			
24	2019-20 PSCP Revenue		1,862,649
25	2019 Summer School PSCP Revenue		47,299
26	Total 2019-20 PSCP Revenue		\$ 1,909,948
27	Less: Net Eligible Education Expenses for PSCP Pupils <i>Line 20 times Line 23</i>		3,220,785
28	Add: June 30, 2019 PSCP Reserve Balance		(4,979,122)
29	Less: Repayment of June 30, 2019 PSCP Reserve Balance		-
30	June 30, 2020 PSCP Reserve Balance		\$ (6,289,959)
31	Plan for PSCP Reserve Required		Not Required
REQUIRED CASH AND INVESTMENT BALANCE			
32	June 30, 2020 PSCP Reserve Balance <i>Line 30</i>		(6,289,959)
33	June 30, 2020 SNSP Reserve Balance		-
34	Less: Remaining Depreciation on Fixed Assets		7,354,784
35	Less: Land Purchases that have not Been Included as Eligible		-
36	Required Cash and Investment Balance		\$ -
MANAGEMENT LETTER			
37	Did the auditor issue a management letter for the 2019-20 financial audit? If yes, submit with audit.		Yes

See independent auditors' report.