

**MISSISSIPPI SCHOOL FOR MATHEMATICS
AND SCIENCE FOUNDATION
FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANTS' REVIEW REPORT
DECEMBER 31, 2017 AND 2016**

MISSISSIPPI SCHOOL FOR MATHEMATICS AND SCIENCE FOUNDATION

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Mississippi School for Mathematics
and Science Foundation
Columbus, Mississippi

We have reviewed the accompanying financial statements of Mississippi School for Mathematics and Science Foundation (a nonprofit organization), which comprise the statements of net assets - modified cash basis as of December 31, 2017 and 2016, and the related statements of activities - modified cash basis for the years then ended, and the related notes to financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Foundation 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.



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Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting in the United States of America; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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 the modified cash basis of accounting 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 the modified cash basis of accounting in the United States of America.

Basis of Accounting

We draw attention to Note A-2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

J. E. Sott Company

Columbus, Mississippi
November 6, 2018

STATEMENTS OF NET ASSETS - MODIFIED CASH BASIS

DECEMBER 31, 2017 AND 2016

See Independent Accountants' Review Report

<i>ASSETS</i>	<u>2017</u>	<u>2016</u>
<i>CURRENT ASSETS</i>		
Cash and cash equivalents	\$ 322,213	\$ 232,667
Investments	<u>761,699</u>	<u>644,737</u>
Total current assets	<u>1,083,912</u>	<u>877,404</u>
<i>FIXED ASSETS</i>		
Equipment	2,030	2,030
Accumulated depreciation	<u>(1,319)</u>	<u>(913)</u>
Net fixed assets	<u>711</u>	<u>1,117</u>
Total Assets	<u>\$ 1,084,623</u>	<u>\$ 878,521</u>
<i>LIABILITIES AND NET ASSETS</i>		
<i>LIABILITIES</i>		
Deferred income - P.L.U.S.	\$ 3,465	\$ -
<i>NET ASSETS</i>		
Unrestricted	730,227	506,262
Temporarily restricted	<u>350,931</u>	<u>372,259</u>
Net assets	<u>1,081,158</u>	<u>878,521</u>
Total Liabilities and Net Assets	<u>\$ 1,084,623</u>	<u>\$ 878,521</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

See Independent Accountants' Review Report

CHANGES IN NET ASSETS	Unrestricted	Temporarily Restricted	Total
REVENUE			
Contributions	\$ 206,521	\$ 147,229	\$ 353,750
ARC grant	69,783	-	69,783
Dividends and interest	26,381	17	26,398
Net assets released from restrictions	178,318	(178,318)	-
Realized gain on investments	17,063	-	17,063
Unrealized gain on investments	67,450	9,744	77,194
	565,516	(21,328)	544,188
EXPENSES			
Program services:			
Scholarships and awards	10,600	-	10,600
Room and board	9,200	-	9,200
Camps	7,700	-	7,700
Student activities and supplies	68,911	-	68,911
Sponsorships	74,834	-	74,834
ARC grant payments	77,811	-	77,811
Other	4,281	-	4,281
Insurance	1,400	-	1,400
P.L.U.S. expense	8,176	-	8,176
Alumni outreach	17,983	-	17,983
	280,896	-	280,896
Support services:			
Contract labor	8,142	-	8,142
Investment fees	3,477	-	3,477
Fees	3,636	-	3,636
Salaries	33,135	-	33,135
Depreciation	406	-	406
Payroll taxes and fees	9,175	-	9,175
Miscellaneous	2,684	-	2,684
	60,655	-	60,655
Total expenses	341,551	-	341,551
Increase (decrease) in net assets	223,965	(21,328)	202,637
Net assets at beginning of the year	506,262	372,259	878,521
Net assets at end of the year	\$ 730,227	\$ 350,931	\$ 1,081,158

The accompanying notes are an integral part of this statement.

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2016

See Independent Accountants' Review Report

<i>CHANGES IN NET ASSETS</i>	Unrestricted	Temporarily Restricted	Total
<i>REVENUE</i>			
Contributions	\$ 69,752	\$ 161,575	\$ 231,327
RUS grant	-	498,961	498,961
Dividends and interest	23,669	13	23,682
Net assets released from restrictions	623,921	(623,921)	-
Realized gain on investments	5,469	-	5,469
Unrealized gain on investments	38,710	6,491	45,201
	<u>761,521</u>	<u>43,119</u>	<u>804,640</u>
<i>EXPENSES</i>			
<i>Program services:</i>			
Scholarships and awards	6,100	-	6,100
Student activities and supplies	68,939	-	68,939
Sponsorships	40,000	-	40,000
RUS grant payments	497,310	-	497,310
Insurance	1,543	-	1,543
P.L.U.S. expense	8,750	-	8,750
Alumni outreach	20,574	-	20,574
	<u>643,216</u>	<u>-</u>	<u>643,216</u>
<i>Support services:</i>			
Contract labor	2,736	-	2,736
Investment fees	3,143	-	3,143
Fees	3,441	-	3,441
Salaries	33,279	-	33,279
Depreciation	406	-	406
Employee benefits	528	-	528
Payroll taxes and fees	9,565	-	9,565
Miscellaneous	1,673	-	1,673
	<u>54,771</u>	<u>-</u>	<u>54,771</u>
Total expenses	<u>697,987</u>	<u>-</u>	<u>697,987</u>
Increase in net assets	63,534	43,119	106,653
Net assets at beginning of the year	<u>442,728</u>	<u>329,140</u>	<u>771,868</u>
Net assets at end of the year	<u>\$ 506,262</u>	<u>\$ 372,259</u>	<u>\$ 878,521</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

See Independent Accountants' Review Report

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**1. Nature of Activities**

Mississippi School for Mathematics and Science Foundation (the Foundation) is a nonprofit organization designed to provide support for gifted students to attend Mississippi School for Mathematics and Science and financially aid participation in specific school activities.

2. Basis of Presentation

The Foundation records revenue and expenses on the modified cash basis. Revenue is generally recorded when received rather than when earned. Expenses are generally recognized when paid rather than when incurred. Investments are carried at fair value (rather than cost), as more fully discussed at Note D. Net assets and revenue and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein, are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets

Net assets subject to donor imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. Any funds pledged or received for the future year are placed in temporarily restricted accounts until utilized in that school year.

3. Income Taxes

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

4. Functional Expenses

Expenses are charged directly to program or support services categories based on specific identification.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

See Independent Accountants' Review Report

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**5. Use of Estimates**

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of revenue and expenses, together with the allocation of expenses.

6. Subsequent Events

Management has evaluated the effect of subsequent events on these financial statements through November 6, 2018, the date the financial statements were available to be issued.

7. Equipment

Acquisition of equipment in excess of \$500 is capitalized. Equipment is carried at cost and depreciated using the straight-line method.

NOTE B - ECONOMIC DEPENDENCE

The Foundation receives its support from donations of cash, and interest and dividends from marketable securities. A significant reduction in the level of support from these sources, if it were to occur, could have an effect on the Foundation's activities.

NOTE C - DONATIONS

The Foundation occasionally receives donations of marketable securities. The securities are recorded at fair market value at the date of receipt.

NOTE D - INVESTMENTS

The Foundation has determined the fair value of certain assets through application of FASB ASC 820, *Fair Value Measurements and Disclosures*. All of the Foundation's securities are valued using Level 1 inputs. Level 1 inputs are based on quoted market prices for identical assets within active markets.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

See Independent Accountants' Review Report

NOTE D - INVESTMENTS (Continued)

The investments are stated at fair value of \$761,699 and \$644,737 at December 31, 2017 and 2016, respectively. At December 31, 2017 and 2016, investments consisted primarily of government obligations and equity securities with an original cost of \$632,382 and \$599,789, respectively; unrealized gain was equal to \$77,194 and \$45,201 for the years ended December 31, 2017 and 2016, respectively. The investment expense paid by the Foundation for 2017 and 2016 was \$3,477 and \$3,143, respectively.

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

Temporarily Restricted Net Assets at December 31, 2017 and 2016, were available for the following purposes:

	<u>2017</u>	<u>2016</u>
Needs, Wants & Wishes	\$ 89,500	\$ 90,147
Room and Board Scholarships	13,530	18,380
Nissan Foundation	36,820	36,820
Weyerhaeuser Switzerland Trip	2,000	2,000
Cern Switzerland Trip	1,120	1,120
Inspire Conference	240	240
Add a Seat Fund	37,147	86,347
Omnova Foundation	1,878	1,878
Harweda Johnson Scholarship	63,850	59,606
Mary Beth Casto Bennett Scholarship	2,389	1,389
Michael J. Shaheen Giving Fund	-	500
M.S.M.S. Annual Fund	30	30
Barry James Memorial Fund	8,694	6,045
P.L.U.S.	28,200	21,859
Alumni Outreach	8,452	4,643
Wise Scholarship	1,000	1,000
Abernathy Award	2,781	2,864
Music Department	4,729	520
Endowment Fund	1,000	1,000
Camp	46,920	33,220
Ole Miss Scholarship	(1,000)	-
USDA Grant	1,651	1,651
	<u>\$ 350,931</u>	<u>\$ 372,259</u>

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2017 AND 2016****See Independent Accountants' Review Report*****NOTE F - INCOME TAX STATUS***

ASC Topic 740, *Income Taxes*, provides guidance on financial statement recognition and measurement of tax positions taken, or expected to be taken, in tax returns. ASC Topic 740 requires an evaluation of tax positions to determine if the tax positions will more likely than not be sustainable upon examination by the appropriate tax authority. The Foundation, at December 31, 2017, had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Foundation's federal informational returns for the year 2014 and subsequent years remain subject to examination by tax authorities.

NOTE G - CASH DEPOSITS

The Foundation maintains cash balances in financial institutions, which at times may exceed federally-insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE H - GRANT INCOME

In 2017, the Foundation received funds from the Appalachian Regional Commission (ARC). In 2016, the Foundation received federal grant funds of \$498,961 on behalf of several local high schools. The funds were used to purchase various computers and other media equipment for these schools. As of December 31, 2016, \$497,310 of these funds had been remitted to a third party vendor as payment for this equipment.

NOTE I - RELATED PARTY

The Foundation's investment portfolio is managed by a company that employs an officer of the Foundation.