



The B.E.L.L. Foundation, Inc.  
Financial Statements  
June 30, 2011  
(with comparative totals for June 30, 2010)

 ANDBERG & CREEDEN, P.C.  
*Certified Public Accountants*  
331 Page Street  
Stoughton, MA 02072

**THE B.E.L.L. FOUNDATION, INC.**  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

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To the Board of Directors of  
The B.E.L.L. Foundation, Inc.  
Dorchester, Massachusetts

Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards

We have audited the accompanying statement of financial position of The B.E.L.L. Foundation, Inc. as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The B.E.L.L. Foundation, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011, on our consideration of The B.E.L.L. Foundation, Inc. internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of The B.E.L.L. Foundation, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

  
SANDBERG & CREEDEN, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
October 31, 2011



**THE B.E.L.L. FOUNDATION, INC.**

STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

	<u>2011</u>	<u>2010</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 5,907,987	\$ 4,929,820
Pledges receivable	2,725,748	2,411,115
Accounts receivable	2,201,509	2,267,517
Curriculum materials	1,359,341	1,357,535
Prepaid expenses	<u>142,816</u>	<u>65,890</u>
Total current assets	12,337,401	11,031,877
<b><u>Property and Equipment</u></b>		
Leasehold improvements	153,494	77,048
Computers and software	1,225,871	1,175,354
Furniture and equipment	<u>740,457</u>	<u>740,457</u>
Subtotal	2,119,822	1,992,859
Less: accumulated depreciation	<u>1,764,234</u>	<u>1,462,369</u>
Total property and equipment	355,588	530,490
<b><u>Other Assets</u></b>		
Deposits	160,830	58,098
Long-term pledges receivable (net of discount of \$37,528 and \$86,394, respectively)	<u>324,514</u>	<u>448,732</u>
Total other assets	<u>485,344</u>	<u>506,830</u>
<b><u>Total Assets</u></b>	<b><u>\$13,178,333</u></b>	<b><u>\$12,069,197</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Accrued expenses	\$ 379,754	\$ 996,620
Accrued salaries and related expenses	1,013,441	638,989
Deferred revenue	<u>961,010</u>	<u>307,910</u>
Total current liabilities	2,354,205	1,943,519
<b><u>Net Assets</u></b>		
Unrestricted	4,386,858	3,822,405
Temporarily restricted	<u>6,437,270</u>	<u>6,303,273</u>
Total net assets	<u>10,824,128</u>	<u>10,125,678</u>
<b><u>Total Liabilities and Net Assets</u></b>	<b><u>\$13,178,333</u></b>	<b><u>\$12,069,197</u></b>

See accompanying notes. See Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.



THE B.E.L.L. FOUNDATION, INC.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

	2011			2010
	Unrestricted	Temporarily Restricted	Total	Total
<b><u>Support and Revenue</u></b>				
Contributions:				
Individuals	\$ 83,538	\$	\$ 83,538	\$ 89,457
Grants	178,831	6,931,167	7,109,998	6,833,072
In kind	3,609,651		3,609,651	880,929
Special events (net)	111,046		111,046	144,630
Released from restrictions	6,797,170	(6,797,170)		
Service fees:				
Contracts	13,518,964		13,518,964	9,181,590
Vouchers and tuition	68,698		68,698	104,619
Interest and dividends	1,486		1,486	2,163
Other	11,218		11,218	11,099
Unrealized loss on investments				(500)
Realized loss on investments				161
<b><u>Total Support and Revenue</u></b>	<b>24,380,602</b>	<b>133,997</b>	<b>24,514,599</b>	<b>17,247,220</b>
<b><u>Expenses</u></b>				
Program services	20,656,456		20,656,456	14,261,078
General and administrative	2,278,870		2,278,870	1,708,248
Fundraising	880,823		880,823	860,543
<b><u>Total Expenses</u></b>	<b>23,816,149</b>		<b>23,816,149</b>	<b>16,829,869</b>
<b><u>Change in Net Assets</u></b>	<b>564,453</b>	<b>133,997</b>	<b>698,450</b>	<b>417,351</b>
<b><u>Net Assets – Beginning of Year</u></b>	<b>3,822,405</b>	<b>6,303,273</b>	<b>10,125,678</b>	<b>9,708,327</b>
<b><u>Net Assets – End of Year</u></b>	<b>\$ 4,386,858</b>	<b>\$ 6,437,270</b>	<b>\$ 10,824,128</b>	<b>\$ 10,125,678</b>

See accompanying notes. See Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.





**THE B.E.L.L. FOUNDATION, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

	2011				2010	
	After School Program	Summer Program	Total Program	General and Administrative	Fundraising	Total
Salaries	\$ 7,775,935	\$ 5,839,840	\$ 13,615,775	\$ 1,284,388	\$ 554,961	\$ 11,047,747
Payroll taxes	682,807	386,423	1,069,230	102,123	44,125	1,215,478
Employee benefits	315,899	186,786	502,685	78,955	34,115	550,591
Subtotal	<u>8,774,641</u>	<u>6,413,049</u>	<u>15,187,690</u>	<u>1,465,466</u>	<u>633,201</u>	<u>17,286,357</u>
Assessments and evaluations	125,655	110,038	235,693			235,693
Consultants	68,614	33,795	102,409	337,484		439,893
Depreciation/amortization	79,717	69,809	149,526	106,376	45,963	340,996
Field trips & Events	1,127	212,720	213,847			213,847
Insurance	63,863	55,115	118,978	7,955	3,437	114,219
Interest	6,465	5,661	12,126	8,627	3,728	24,481
Miscellaneous	21,491	24,025	45,516	7,352	3,178	56,046
Office supplies	79,711	53,667	133,378	13,317	5,754	152,449
Postage and delivery	38,518	29,703	68,221	10,189	4,403	82,813
Printing and reproduction	160,940	110,404	271,344		41,984	313,328
Professional fees	52,416	45,902	98,318	69,945	30,222	198,485
Rent, Utilities, Maintenance	359,842	171,185	531,027	45,298	19,572	595,897
Recruiting	78,473	38,875	117,348			117,348
Supplies	709,390	1,674,049	2,383,439			2,383,439
Telephone/technology	246,017	198,675	444,692	145,127	62,707	728,467
Training	89,974	100,153	190,127			190,127
Travel & transportation	142,317	210,460	352,777	61,734	26,674	441,185
Total	<u>\$ 11,099,171</u>	<u>\$ 9,557,285</u>	<u>\$ 20,656,456</u>	<u>\$ 2,278,870</u>	<u>\$ 880,823</u>	<u>\$ 23,816,149</u>
						<u>\$ 16,829,869</u>

See accompanying notes. See Independent Auditors' Report on the Financial Statements.

THE B.E.L.L. FOUNDATION, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

	<u>2011</u>	<u>2010</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Change in net assets	\$ 698,450	\$ 417,351
Adjustments to reconcile to cash provided by operating activities:		
Depreciation	301,865	340,996
Unrealized loss on investments	-	500
(Increase) decrease in:		
Pledges receivable	(190,415)	1,144,823
Accounts receivable	66,008	(1,037,491)
Curriculum materials	(1,807)	(241,074)
Prepaid expenses	(76,926)	(16,945)
Increase (decrease) in:		
Accrued expenses	(616,867)	642,896
Accrued salary	374,455	64,743
Deferred revenue	653,099	(242,468)
<b><u>Net Cash Provided by in Operating Activities</u></b>	<u>1,207,862</u>	<u>1,073,331</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of fixed assets	(126,964)	(198,162)
Proceeds from sale of investments		18,851
Increase in rental deposit	(102,731)	(9,045)
<b><u>Net Cash (Used) in Investing Activities</u></b>	<u>(229,695)</u>	<u>(188,356)</u>
<b><u>Cash Flows from Financing Activities</u></b>		
Proceeds from line of credit	2,000,000	8,500,000
Repayment of line of credit	(2,000,000)	(8,500,000)
<b><u>Net Cash Provided (Used) by in Financing Activities</u></b>	<u>0</u>	<u>0</u>
<b><u>Increase in Cash and Cash Equivalents</u></b>	978,167	884,975
<b><u>Cash and Cash Equivalents – Beginning</u></b>	<u>4,929,820</u>	<u>4,044,845</u>
<b><u>Cash and Cash Equivalents – Ending</u></b>	<u>\$ 5,907,987</u>	<u>\$ 4,929,820</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest paid	<u>\$ 24,481</u>	<u>\$ 82,709</u>

See accompanying notes. See Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.





## THE B.E.L.L. FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

#### **Note 1. Organization**

The B.E.L.L. Foundation, Inc. ("BELL") is a national provider of educational summer and after school programs. Its mission is to transform the academic achievements, self-confidence, and life trajectories of children living in under-resourced, urban communities. Because BELL believes in the tremendous potential of all children to excel, it recognizes them as scholars.

BELL was founded in Boston in 1992. To date, BELL has served more than 60,000 students in grades K-8 in Massachusetts, Maryland, Michigan, New Jersey, New York, North Carolina, and Georgia. In fiscal year 2011, approximately 15,000 elementary and middle school students benefited from BELL's summer and after school learning experiences.

BELL focuses on delivering its programs in under-performing schools and serving scholars who read and perform math below grade-level, and qualify for free or reduced lunch. Despite such challenges, BELL scholars achieve strong outcomes each year, and BELL's programs are recognized as models of excellence by school districts, policy makers, and leaders in the education and philanthropic communities.

BELL operates two programs in a year-round effort to help children excel. BELL Summer operates 5 days per week, 6.5-8 hours per day, for 5-6 weeks. BELL After School operates 3-5 days per week, 2.5-3 hours per day in school-based sites. BELL programs set high expectations for scholars and include elements that are proven to increase their time-on-task and accelerate learning, including academic tutoring in literacy and math; mentorship from teachers and college students; experiential learning through cultural activities, field trips and community service; parental involvement; and ongoing training and professional development for staff.

Each year, BELL helps thousands of school children make significant academic and social gains. On average:

- Scholars gain at least three months of grade-equivalent reading and math skills.
- Scholars outpace national norms in acquiring new academic skills and narrow the achievement gap between them and their higher-income peers.
- The majority of BELL parents agree that BELL programs help increase their child's self-esteem and motivation to learn. Parents also report that they feel more engaged in their child's education as a result of BELL.

The consistent academic and social gains achieved by children in BELL programs have led to considerable national acclaim and opened up pathways for the organization to expand its impact.

For example:

- In the spring of 2011, BELL was selected to receive a Social Innovation Fund grant from the Edna McConnell Clark Foundation and the Corporation for National and Community Service. This grant will help BELL expand its programs nationally while further developing an evidence base second to none in the expanded learning field.



THE B.E.L.L. FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

(Continued)

**Note 1. Organization** (Continued)

- Over the last several years, several school districts, including Boston Public Schools, Detroit Public Schools, and Springfield Public Schools, partnered with BELL to provide the BELL Summer program model in place of traditional summer school. This partnership model is leading schools and districts throughout the country to rethink the role of summer learning in turning around low-performing schools and helping all children excel.
- Subsequent to the year under audit, in the summer of 2011, BELL served more than 9,000 scholars – more than ever before in the summer – thanks to public-private partnerships with several school districts.

BELL is working to deepen and expand its impact. Guided by its 2012 - 2014 strategic plan, BELL is building new partnerships to reach more children and communities. It is pursuing a next-generation independent evaluation to tie participation in BELL Summer to increased student performance and attendance in schools. Through its work, BELL is helping establish high-quality extended learning programs like BELL Summer as standard elements of education reform in America.

**Note 2. Summary of Significant Accounting Policies**

- a. Standards of Accounting and Reporting  
The Organization follows standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for "Not-for-Profit Organizations."
- b. Financial Statement Presentation  
Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. No permanently restricted assets were received or held during 2011 and 2010 and accordingly, these financials do not reflect any activity related to this class of net assets for 2011 and 2010.



THE B.E.L.L. FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

c. Property and Equipment

These assets are stated at cost or if donated, at fair market value at date of receipt. Maintenance repairs and minor renewals are expensed as incurred. All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized.

d. Depreciation

Provisions for depreciation are made in the accounts using the straight-line method over the estimated useful life of the asset. The Organization depreciates over the following class life:

Leasehold improvements	7 years
Computers and software	3 years
Furniture and equipment	3-7 years

e. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows and Statement of Financial Position, The B.E.L.L. Foundation, Inc. considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

f. Allocated Expenses

Expenses by function have been allocated among program and supporting service classifications directly or on the basis of time records and on estimates made by the Organization's management.

g. Use of Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

h. Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted or temporarily restricted depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.



THE B.E.L.L. FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

- i. Contracts  
Financial awards from governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.
- j. Promises To Give  
Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.
- k. Contributed Goods and Services  
Contributed services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by BELL. The Organization received donated goods and services valued at \$3,609,651 and \$880,929 for 2011 and 2010, respectively.

The breakdown for donated goods and services are as follows:

	<u>FY 2011</u>	<u>FY 2010</u>
Curriculum inventory	\$ 203,230	\$ 150,298
Operation warm winter coats	49,260	47,520
Software		72,910
Professional services		54,358
Transportation	874,069	
Teachers, tutors, site managers	<u>2,483,092</u>	<u>555,843</u>
	<u>\$ 3,609,651</u>	<u>\$ 880,929</u>

- l. Summarized Comparative Financial Statements  
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2010, from which the summarized information was derived.
- m. Curriculum Materials  
Curriculum materials consist of books for the various site libraries, kits and workbooks used by scholars, and other materials purchased for use in programs. These materials are estimated to have a useful content life of three years. All items are recorded at cost and subject to an annual inventory count at which time a determination is made on any continued useful life.



THE B.E.L.L. FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

(Continued)

**Note 3. Tax Status**

The B.E.L.L. Foundation, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (a) and has been classified as an Organization that is not a private foundation under Section 509(a) (1).

Unrelated business income, of which the Organization had none for the year ending June 30, 2011, would be subject to Federal and State taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

**Note 4. Line of Credit**

The Organization maintains a revolving line of credit from a local bank to help finance its short-term operating needs. The maximum amount available on the line of credit is \$7,000,000. The line is collateralized by the Organization's assets, and interest is payable monthly on the outstanding balance at an interest rate of 1.00% over prime. An unused fee of 25 basis points is charged for the unused portion of the line. At June 30, 2011, the Organization had no outstanding balance. The line of credit must be renewed annually; the current term expires January 31, 2012.

**Note 5. Occupancy**

The Organization receives the free use of space from local educational institutions for the tutoring program. No reasonable basis exists to value the use for 2011 and 2010.

The Organization entered into a 60-month renewable lease for the Boston location commencing on February 1, 2010 and expiring on January 31, 2015. The lease requires monthly payments of the following:

July 2011 – January 2012	10,738
February 2012 – January 2013	11,483
February 2013 – January 2014	12,282
February 2014 – January 2015	13,425

The Organization entered into 60-month renewable lease for the New York location which expires on September 30, 2015. The lease requires monthly payments of the following:

July 2011 – September 2011	\$20,250
October 2011 – September 2012	\$20,655
October 2012 – September 2013	\$21,068
October 2013 – September 2014	\$21,489
October 2014 – September 2015	\$21,919



THE B.E.L.L. FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

(Continued)

**Note 5. Occupancy** (Continued)

The Organization entered into a 60-month lease in Baltimore which expires June 30, 2014. The lease requires monthly payments as follows:

July 2011-June 2012	\$3,467
July 2012 – June 2013	\$3,571
July 2013 – June 2014	\$3,678

The Organization entered into a 12-month renewable lease in Detroit which expires November 30, 2011. The lease requires monthly payments of \$2,291.

In addition, the Organization rents storage space and other short-term space on a monthly basis.

Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>New York</u>	<u>Baltimore MD</u>	<u>Boston</u>	<u>Detroit</u>	<u>Total</u>
2012	\$ 246,645	\$ 41,604	\$ 132,581	\$11,455	\$ 432,285
2013	251,577	42,852	141,791		436,220
2014	256,605	44,138	153,099		453,842
2015	261,738		93,975		355,713
2016	65,757				65,757

Rent expense for 2011 and 2010 totaled \$417,025 and \$528,397, respectively.

Security and last month rental deposits on various sites are as follows:

New York	\$ 125,945
Boston	25,425
Springfield	1,200
Detroit	4,992
Baltimore, MD	3,268
Total	<u>\$ 160,830</u>

**Note 6. Pledges Receivable**

Unconditional grants and promises to give at June 30, 2011 consist of the following:

Due 2012	\$ 2,725,748
Due 2013	<u>362,042</u>
Subtotal	3,087,790
Discount	<u>(37,528)</u>
Net pledges receivable	<u>\$ 3,050,262</u>

Promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 5%.



THE B.E.L.L. FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

(Continued)

**Note 7. Economic Dependency**

The Organization receives significant revenue from the State of New York SES Program as follows:

Total New York State – SES	<u>\$ 7,241,735</u>
Percent of unrestricted income	<u>29.7%</u>

The Organization receives significant revenue through a Title 1 contract with the Detroit Public Schools follows:

Total Detroit Public Schools Title 1 contracts	<u>\$ 6,509,511</u>
Percent of unrestricted income	<u>26.7%</u>

Note that \$3,246,925 of Detroit revenue is in-kind support of donated personnel and transportation, which equates to roughly half of that revenue stream.

**Note 8. Concentrations of Credit Risk**

The Organizations maintains its cash balances in various financial institutions. The operating balance of \$3,776,233, held at Sovereign Bank is fully insured through the Federal Deposit Insurance Corporation. The balance of \$2,003,257, held Fidelity Investments, is insured by the Federal Deposit Insurance Corporation up to \$250,000. Investment accounts are invested in treasury-backed money market funds deemed to be low risk.

Credit risk with respect to receivables is considered low as a significant portion are from governmental entities.

In addition, credit risk with respect to pledges receivable is considered low as a significant portion are from foundations which have been in operation for a number of years and have reported significant assets.

**Note 9. Temporarily Restricted Net Assets**

Temporarily restricted net assets consists of the following:

	<u>Total</u>
Summer program location:	
Boston, MA	\$ 794,840
Springfield, MA	15,000
New York, NY	1,930,000
Newark, NJ	85,000
Baltimore, MD	448,500
Detroit, MI	625,000
Capacity Building Campaign	1,736,116
Alumni Scholarship Fund	120,950
Time restrictions	<u>719,392</u>
Subtotal	6,474,798
Less discount	<u>(37,528)</u>
Total temporarily restricted net assets	<u>\$ 6,437,270</u>



**THE B.E.L.L. FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

(Continued)

**Note 10. Related Party Transactions**

The CEO of the Organization is President of the Board of Directors. Compensation for her services as the CEO is approved annually by the Board of Directors without her vote. One board member leases program space to the Organization in Baltimore at market rates. One board member provided executive search services to the Organization at market rates. Both of the described transactions were deemed to be arms-length transactions.

**Note 11. Pension Plan**

The Organization offers a 401(k) plan available to all employees after one full year of employment. Through this Plan, each pay period eligible employees may make contributions from their salaries on a pre-tax basis, up to the maximum annual amount permitted by applicable law. The Organization provides a matching contribution equal to twenty five percent (25%) of the first four percent (4%) of the employees contribution. During 2011 and 2010, BELL contributed \$21,340 and \$18,047 to the Plan, respectively.

**Note 12. The Evaluation of Subsequent Events**

The Organization has evaluated subsequent events through October 31, 2011, the date which the financial statements were available to be issued.





**THE B.E.L.L. FOUNDATION, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011

	<u>CFDA Number</u>	<u>Document Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Education, Office of Elementary and Secondary Education</u></b>				
<u>Pass Through City of Baltimore Public School System</u>				
Title 1 SES Program	84.010	PO 399364	\$ 195,935	\$ 195,935
<u>Pass Through City of New York Public School System</u>				
Title 1 SES Program	84.010	9817200	7,657,190	7,208,473
<u>Pass Through City of Detroit Public School System</u>				
Title 1 Summer Program	84.010	10-0796-2	3,652,586	3,652,586
<u>Pass Through Richmond County School System</u>				
Title 1 Summer Program	84.010		456,906	456,906
<u>Pass Through Plymouth Education Center</u>				
Title 1 Afterschool Program	84.010		120,038	108,038
<u>Pass Through Springfield Public School System</u>				
Title 1 Summer Program	84.010	20101106	1,750,000	419,363
<u>Pass Through City of Newark Public School System</u>				
Title 1 SES Program	84.010		104,602	104,602
<u>Pass Through The After-School Corporation (TASC)</u>				
Twenty-First Century Community Learning Center – After School	84.287	C401173	1,642,355	260,434
<u>Pass Through The After School Corporation (TASC)</u>				
After School Program	84.287	G10077	56,055	<u>51,984</u>
<b><u>Total U.S. Department of Education</u></b>				<b><u>12,458,321</u></b>

See accompanying notes. See Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.



THE B.E.L.L. FOUNDATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011

(Continued)

	<u>CFDA Number</u>	<u>Document Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
<b><u>Corporation for National and Community Service</u></b>				
Direct				
AmeriCorps	94.006	G10077		<u>3,113</u>
<b><u>Total Corporation for National and Community Service</u></b>				<u>3,113</u>
<b><u>Total Expenditures of Federal Awards</u></b>				<u>\$ 12,461,434</u>

<u>CFDA</u>	<u>Total</u>
84.010	\$ 12,145,903
84.287	312,418
94.006	<u>3,113</u>
Total	<u>\$ 12,461,434</u>

**Summary of Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The B.E.L.L. Foundation, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

See accompanying notes. See Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.



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To the Board of Directors of  
The B.E.L.L. Foundation, Inc.  
Dorchester, Massachusetts

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited the financial statements of The B.E.L.L. Foundation, Inc. (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered The B.E.L.L. Foundation, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The B.E.L.L. Foundation, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The B.E.L.L. Foundation, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, and the Board of Directors, and federal awarding agencies and pass-through agencies providing federal funds and is not intended to be and should not be used by anyone other than these specified parties.

*Sandberg & Creeden P.C.*

SANDBERG & CREEDEN, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
October 31, 2011



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To the Board of Directors of  
The B.E.L.L. Foundation, Inc.  
Dorchester, Massachusetts

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Compliance

We have audited The B.E.L.L. Foundation, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The B.E.L.L. Foundation, Inc.'s major federal programs for the year ended June 30, 2011. The B.E.L.L. Foundation, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of The B.E.L.L. Foundation, Inc.'s management. Our responsibility is to express an opinion on The B.E.L.L. Foundation, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The B.E.L.L. Foundation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of The B.E.L.L. Foundation, Inc.'s compliance with those requirements.

In our opinion, The B.E.L.L. Foundation, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of The B.E.L.L. Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered The B.E.L.L. Foundation, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The B.E.L.L. Foundation, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The B.E.L.L. Foundation, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit The B.E.L.L. Foundation, Inc.'s responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Directors, federal awarding agencies, and pass-through agencies providing federal funds and is not intended to be and should not be used by anyone other than these specified parties.



SANDBERG & CREEDEN, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
October 31, 2011

**THE B.E.L.L. FOUNDATION, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

**SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of The B.E.L.L. Foundation, Inc.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of The B.E.L.L. Foundation, Inc. were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for The B.E.L.L. Foundation, Inc. expresses an unqualified opinion.
6. Not applicable.
7. The programs tested as major programs include:  

Title 1 – After School and Summer Program 84.010
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The B.E.L.L. Foundation, Inc. did not qualify as a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENT AUDIT**

NONE

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

NONE

