

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

Financial Statements  
June 30, 2010  
(With Comparative Totals for 2009)

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

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

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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, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of The B.E.L.L. Foundation, Inc.'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 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, 2010, 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 September 8, 2010, on our consideration of The B.E.L.L. Foundation's 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2010, on our consideration of The B.E.L.L. Foundation's 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 conducted for the purpose of forming an opinion on the financial statements of The B.E.L.L. Foundation 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 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 our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

  
SANDBERG, GONZALEZ & CREEDEN, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
September 17, 2010

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

STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED JUNE 30, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

	<u>ASSETS</u>	
	<u>2010</u>	<u>2009</u>
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 4,929,820	\$ 4,044,845
Investments		19,352
Pledges receivable	2,411,115	2,369,766
Accounts receivable	2,267,517	1,230,026
Curriculum materials	1,357,535	1,116,460
Prepaid expenses	<u>65,890</u>	<u>48,945</u>
Total current assets	11,031,877	8,829,394
<b><u>Property and Equipment</u></b>		
Leasehold improvements	77,048	72,173
Computers and software	1,175,354	990,067
Furniture and equipment	<u>740,457</u>	<u>732,457</u>
Subtotal	1,992,859	1,794,697
Less: accumulated depreciation	<u>1,462,369</u>	<u>1,121,372</u>
Total property and equipment	530,490	673,325
<b><u>Other Assets</u></b>		
Deposits	58,098	49,054
Long-term pledges receivable (net of discount of \$86,394 and \$155,544, respectively)	<u>448,732</u>	<u>1,634,905</u>
Total other assets	<u>506,830</u>	<u>1,683,959</u>
<b><u>Total Assets</u></b>	<u>\$12,069,197</u>	<u>\$11,186,678</u>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities</u></b>		
Accrued expenses	\$ 996,620	\$ 353,725
Accrued salaries and related expenses	638,989	574,247
Deferred revenue	<u>307,910</u>	<u>550,379</u>
Total current liabilities	1,943,519	1,478,351
<b><u>Net Assets</u></b>		
Unrestricted	3,822,405	2,275,539
Temporarily restricted	<u>6,303,273</u>	<u>7,432,788</u>
Total net assets	<u>10,125,678</u>	<u>9,708,327</u>
<b><u>Total Liabilities and Net Assets</u></b>	<u>\$12,069,197</u>	<u>\$11,186,678</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.**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total
<b><u>Support and Revenue</u></b>				
Contributions:				
Individuals	\$ 89,457	\$	\$ 89,457	\$ 195,283
Grants	2,229,054	4,604,018	6,833,072	3,078,325
In kind	880,929		880,929	1,089,559
Special events (net)	144,630		144,630	124,575
Released from restrictions	5,733,533	(5,733,533)	-	
Service fees:				
Contracts	9,181,590		9,181,590	10,056,734
Vouchers and tuition	104,619		104,619	132,435
Interest and dividends	2,163		2,163	15,000
Other	11,099		11,099	7,023
Unrealized loss on investments	(500)		(500)	(6,884)
Realized loss on investments	161		161	(1,115)
<b><u>Total Support and Revenue</u></b>	18,376,735	(1,129,515)	17,247,220	14,690,935
<b><u>Expenses</u></b>				
Program services	14,261,078		14,261,078	18,237,039
General and administrative	1,708,248		1,708,248	2,017,364
Fundraising	860,543		860,543	928,159
<b><u>Total Expenses</u></b>	16,829,869		16,829,869	21,182,562
<b><u>Change in Net Assets</u></b>	1,546,866	(1,129,515)	417,351	(6,491,627)
<b><u>Net Assets – Beginning of Year</u></b>	2,275,539	7,432,788	9,708,327	16,199,954
<b><u>Net Assets – End of Year</u></b>	\$ 3,822,405	\$ 6,303,273	\$ 10,125,678	\$ 9,708,327

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, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

	2010				2009	
	After School Program	Summer Program	Total Program	General and Administrative	Fundraising	Total
Salaries	\$ 5,942,330	\$ 3,446,070	\$ 9,388,400	\$ 1,114,036	\$ 545,311	\$ 11,047,747
Payroll taxes	541,829	274,198	816,027	97,418	47,685	961,130
Employee benefits	301,959	131,804	433,763	78,435	38,393	550,591
Subtotal	6,786,118	3,852,072	10,638,190	1,289,889	631,389	12,559,468
Assessments and evaluations	81,251	44,936	126,187			126,187
Consultants	239,853	118,136	357,989			357,989
Depreciation/amortization	112,203	61,538	173,741	112,290	54,965	340,996
Field trips & Events	3,159	79,854	83,013			83,013
Insurance	71,313	28,338	99,651	9,780	4,788	114,219
Interest	27,215	14,926	42,141	27,236	13,332	82,709
Miscellaneous	28,194	27,349	55,543	8,992	4,402	68,937
Office supplies	100,686	64,651	165,337	14,527	7,111	186,975
Postage and delivery	23,093	12,627	35,720	5,162	2,527	43,409
Printing and reproduction	118,199	75,429	193,628			217,997
Professional fees	41,514	22,767	64,281	41,482	20,305	126,068
Rent, Utilities, Maintenance	359,124	150,455	509,579	43,804	21,442	574,825
Recruiting	28,584	38,819	67,403			67,403
Supplies	464,896	269,193	734,089			734,089
Telephone/technology	370,112	188,447	558,559	114,071	55,837	728,467
Training	66,776	55,314	122,090			122,090
Travel & transportation	113,314	120,623	233,937	41,015	20,076	295,028
Total	\$ 9,035,604	\$ 5,225,474	\$ 14,261,078	\$ 1,708,248	\$ 860,543	\$ 16,829,869
						\$ 21,182,562

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, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

	<u>2010</u>	<u>2009</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Change in net assets	\$ 417,349	\$ (6,491,627)
Adjustments to reconcile to cash provided by operating activities:		
Depreciation	340,996	323,936
Unrealized loss on investments	500	6,884
(Increase) decrease in:		
Pledges receivable	1,144,825	6,018,251
Accounts receivable	(1,037,491)	(473,042)
Curriculum materials	(241,074)	(37,218)
Prepaid expenses	(16,945)	134,524
Increase (decrease) in:		
Accrued expenses	642,896	48,305
Accrued salary	64,743	(105,068)
Deferred revenue	<u>(242,468)</u>	<u>477,155</u>
<b><u>Net Cash Provided (Used) by in Operating Activities</u></b>	<u>1,073,331</u>	<u>(97,900)</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of fixed assets	(198,162)	(320,239)
Proceeds from sale of investments	18,851	-
Decrease in rental deposit	<u>(9,045)</u>	<u>11,525</u>
<b><u>Net Cash (Used) in Investing Activities</u></b>	<u>(188,356)</u>	<u>(308,714)</u>
<b><u>Cash Flows from Financing Activities</u></b>		
Proceeds from line of credit	8,500,000	7,900,000
Repayment of line of credit	(8,500,000)	(7,900,000)
Payment of capital lease obligation	<u>                    </u>	<u>(17,239)</u>
<b><u>Net Cash (Used) by in Financing Activities</u></b>	<u>                    0</u>	<u>(17,239)</u>
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>	884,975	(423,853)
<b><u>Cash and Cash Equivalents – Beginning</u></b>	<u>4,044,845</u>	<u>4,468,698</u>
<b><u>Cash and Cash Equivalents – Ending</u></b>	<u>\$ 4,929,820</u>	<u>\$ 4,044,845</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest paid	<u>\$ 82,709</u>	<u>\$ 57,021</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, 2010

**Note 1. Organization**

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

BELL was founded in Boston in 1992. To date, we have educated more than 45,000 K-8th grade children in Massachusetts, Maryland, New York, Michigan, North Carolina, and Georgia. In fiscal year 2010, approximately 9,000 elementary and middle school students benefited from small-group academic instruction, mentorship, a wide range of enrichment activities, and community engagement through BELL's summer and after school learning experiences.

The majority of BELL scholars attend under-performing schools, read and perform math below grade-level, and qualify for free or reduced lunch. Despite such challenges, our scholars achieve strong outcomes each year. As a result, BELL is recognized as a leader in out-of-school-time education by school districts, policy makers, and leaders in the education and philanthropic communities. BELL has formed several public-private partnerships with school districts across several cities to more effectively leverage public funds with philanthropy in providing robust programming. BELL's after school and summer educational programs are based on best practices as described in effective out-of-school-time tutoring programs and feature the following core elements:

- Small-group Tutoring in Literacy and Math
- Research-based curriculum aligned with state learning standards
- Increased Time on Task
- Data-driven Instruction
- Mentoring and Social Skills Building
- Experiential Learning and Enrichment
- Community Service and Leadership Opportunities
- Dedicated and Specially Trained Teachers
- Parental Engagement and Support
- Rigorous Assessment and Evaluation

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

- Scholars gain months of grade-equivalent skills in core reading and math.
- Scholars outpace national norms in the acquisition of skills allowing them to catch up to and in some cases exceed the performance of their 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 B.E.L.L. FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

(Continued)

**Note 1. Organization** (Continued)

The consistent academic and social gains achieved by children in BELL programs have led to considerable national acclaim. For example:

- In June and July 2010, BELL launched ambitious summer programs in newer regions Detroit, MI and Augusta, GA, and Springfield, MA, as well as continuing to deliver programs in well-established regions Boston, MA; New York, NY; and Baltimore, MD.
- On May 27, 2010, when First Lady Michelle Obama announced Social Innovation Fund matching grants, she highlighted innovative programs making an impact at the community level. BELL was one of the three programs that the First Lady highlighted as an innovative solution to social challenges with measurable results and the ability to be replicated nationwide.
- In October 2009, BELL was featured in a series of white papers released by the Wallace Foundation, titled Effective and Promising Summer Learning Programs and Approaches for Economically-Disadvantaged Children and Youth. BELL was recognized as one of few summer learning programs across the country scientifically proven to positively impact children's academic achievements.
- When President Barack Obama served as a Senator (D-II), he and Barbara Mikulski (D-MD) worked with BELL to design new legislation to provide public funding for children from low-income families to enroll in high-quality summer learning opportunities. In 2007, Obama specifically cited BELL Summer in his speech on the Senate floor, and in the STEP UP Act, which unanimously passed in the Senate in that year.
- Johns Hopkins University's Center for Summer Learning recognized BELL Summer as one of the best educational summer programs for children in the country and awarded it the Excellence in Summer Learning Award in 2006 and 2007.
- The American Federation of Teachers recognized BELL Summer as the nation's ideal summer learning program for children in its Summer, 2005 edition of American Educator.
- Fast Company magazine and the Monitor Group named BELL one of the "top 25 organizations changing the world" and awarded it the 2007 and 2006 Social Capitalist Award in recognition of its impact on children, as well as its entrepreneurial approach to providing sustainable solutions to pressing social issues.

Over the past five years, BELL has strengthened its program models and operating systems to ensure a consistent, strong impact on children's achievements. It has strengthened its national governing board, built a strong senior management team, and added depth to its functional departments required to deliver high-quality programs consistently to children and families.

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

(Continued)

**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 2010 and 2009 and accordingly, these financials do not reflect any activity related to this class of net assets for 2010 and 2009.

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

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

(Continued)

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

- 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.
- 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.

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

(Continued)

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

- 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 \$1,089,559 and \$387,993 for 2009 and 2008, respectively.

The breakdown for donated goods and services are as follows:

	<u>FY 2010</u>	<u>FY 2009</u>
Curriculum inventory	\$ 150,298	\$ 119,626
Operation warm winter coats	47,520	0
Software	72,910	7,143
Professional services	54,358	335,000
Teachers, tutors, site managers	<u>555,843</u>	<u>627,790</u>
	<u>\$ 880,929</u>	<u>\$ 1,089,559</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, 2009, 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.

**Note 3. Tax Status**

The B.E.L.L. Foundation, Inc. is exempt from federal and state income tax under Section 501© (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).

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

(Continued)

**Note 3. Tax Status** (Continued)

Unrelated business income, of which the Organization had none for the year ending June 30, 2010, 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 1.75% over prime. At June 30, 2010, the Organization had no outstanding balance. The line of credit must be renewed annually; the current term expires January 31, 2011.

**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 2010 and 2009.

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:

2011	\$ 10,550
2012	10,738
2013	11,483
2014	12,282
2015	13,425

The Organization entered into a 36-month lease for the New York office which expires on September 30, 2010. The lease requires monthly rent payments of \$17,725 as well as monthly building charges of \$8,691. On October 1, 2010, the Organization moved office locations in New York and entered into a 60-month renewable lease which expires on September 30, 2015. The lease requires monthly payments of the following:

2011	\$ 20,250
2012	20,655
2013	21,068
2014	21,489
2015	21,919

In August, 2009, the Organization moved to a new location in Baltimore, under a lease expiring June 30, 2014. The lease requires monthly payments of \$3,269.

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

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

(Continued)

**Note 5. Occupancy** (Continued)

Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>New York</u>	<u>Baltimore MD</u>	<u>Boston</u>	<u>Total</u>
2011	\$ 261,498	\$ 39,228	\$ 127,540	\$ 428,266
2012	246,645	39,228	132,581	418,454
2013	243,477	39,228	141,791	424,496

Rent expense for 2010 and 2009 totaled \$528,397 and \$593,854, respectively.

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

New York	\$ 22,100
Boston	25,425
Detroit	7,305
Baltimore, MD	3,268
Total	<u>\$ 58,098</u>

**Note 6. Pledges Receivable**

Unconditional grants and promises to give at June 30, 2010 consist of the following:

Due 2011	\$ 2,411,115
Due 2012	328,800
Due 2013	<u>206,326</u>
Subtotal	2,946,241
Discount	<u>(86,394)</u>
Net pledges receivable	<u>\$ 2,859,847</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%.

**Note 7. Investments**

Investments at June 30, 2009 consisted of the following:

	<u>Cost</u>	<u>Market</u>
Equity securities	\$ 24,539	\$ 19,352

Investment income at June 30, 2009 consists of the following:

Interest and Dividends	\$ 2,163
Unrealized loss	(500)
Realized loss	161
Total	<u>\$ 1,824</u>

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

(Continued)

**Note 8. Economic Dependency**

The Organization receives significant revenue from the State of New York SES Program.

Total New York State – SES	<u>\$ 4,255,614</u>
Percent of unrestricted income	<u>23%</u>

**Note 9. Concentrations of Credit Risk**

The Organizations maintains its cash balances in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. Although the uninsured account balance is significant, management has chosen to do business with well established banks that are available nationwide that meet other needs of the organization. Investment account balances are uninsured, and are invested in treasury-backed money market funds.

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

**Note 10. Temporarily Restricted Net Assets**

Temporarily restricted net assets consists of the following:

	<u>Total</u>
Summer program location:	
Boston, MA	\$ 267,982
Springfield, MA	128,917
New York, NY	624,752
Baltimore, MD	81,317
Augusta, GA	14,875
Capacity Building Campaign	3,782,107
Alumni Scholarship Fund	137,842
Time restrictions	<u>1,351,885</u>
Subtotal	6,389,677
Less discount	<u>(86,404)</u>
Total temporarily restricted net assets	<u>\$ 6,303,273</u>

**Note 11. 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. In addition, one board member leases program space to the Organization in Baltimore at market rates.



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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

(Continued)

**Note 12. 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 2010 and 2009, BELL contributed \$18,047 and \$15,473 to the Plan, respectively.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

	<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>				
Pass Through City of Baltimore Public School System Title 1 SES Program	84.010	PO 399364	1,045,000	\$ 921,550
Pass Through City of New York Public School System Title 1 SES Program	84.010	9817200	9,550,000	4,255,614
Pass Through City of Detroit Public School System Title 1 Summer School Program	84.010	10-0796-2	2,419,759	790,886
Pass Through Richmond County School System Title 1 After School Program	84.010		317,148	317,148
Title 1 Summer School	84.010		684,915	228,000
Pass Through The After-School Corporation (TASC) Twenty-First Century Community Learning Center – After School	84.287	C401173	1,642,355	291,485
Pass Through The After School Corporation (TASC) After School Program	84.287	G10077	73,000	<u>48,448</u>
<b><u>Total U.S. Department of Education</u></b>				<u>6,853,131</u>
<b><u>U.S. Department of Health and Human Services-Administration for Children and Families</u></b>				
Direct Temporary Assistance for Needy Families-Advantage After School	93.558	C024016	625,040	<u>10,115</u>
<b><u>Total U.S. Department of Health and Human Service</u></b>				<u>10,115</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.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

(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	32,775	<u>22,169</u>
<b><u>Total Corporation for National and Community Service</u></b>				<u>22,169</u>
<b><u>Total Expenditures of Federal Awards</u></b>				<u>\$ 6,885,415</u>

<u>CFDA</u>	<u>Total</u>
84.010	\$ 6,513,198
84.287	339,933
93.558	10,115
94.006	<u>22,169</u>
Total	<u>\$ 6,885,415</u>

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

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STOUGHTON, MA 02072  
TELEPHONE (781) 344-0850  
FAX (781) 344-6960

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. as of and for the year ended June 30, 2010, and have issued our report thereon dated September 17, 2010. 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 would not necessarily identify all deficiencies in internal control that might be 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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the management, board of directors and the federal awarding agency and is not intended to be and should not be used by anyone other than these specified parties.

*Sandberg & Creeden P.C.*  
SANDBERG, GONZALEZ & CREEDEN, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
September 17, 2010

To the Board of Directors of  
Reach Out and Read, Inc.  
Boston, Massachusetts

331 PAGE STREET  
STOUGHTON, MA 02072  
TELEPHONE (781) 344-0850  
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Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Compliance

We have audited BELL Foundation Inc.'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. BELL 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 referred to above is the responsibility of BELL Foundation Inc.'s management. Our responsibility is to express an opinion on BELL 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 identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about BELL 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 BELL Foundation Inc.'s compliance with those requirements.

In our opinion, BELL Foundation Inc. complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of BELL Foundation Inc. is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered BELL Foundation Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our 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 BELL 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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

BELL 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 BELL 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, board of directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
SANDBERG, GONZALEZ & CREEDEN, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
September 17, 2010

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010**

**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 Reach Out and Read, Inc. expresses an unqualified opinion.
6. Not applicable.
7. The programs tested as major programs include:  

Title 1 – Area 9 Summer School Program	84.010
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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