

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

Financial Statements  
June 30, 2009  
(With Comparative Totals for 2008)

**THE B.E.L.L. FOUNDATION, INC.**  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR 2008)

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SANDBERG, GONZALEZ & CREEDEN, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2009, 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, 2009, 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 15, 2009, 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.

*Sandberg, Gonzalez & Creeden P.C.*

SANDBERG, GONZALEZ & CREEDEN, P.C.  
Certified Public Accountants  
Stoughton, Massachusetts  
October 15, 2009

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

STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR 2008)

		<u>ASSETS</u>	
		<u>2009</u>	<u>2008</u>
<b><u>Current Assets</u></b>			
Cash and cash equivalents		\$ 4,044,845	\$ 4,468,698
Investments		19,352	26,236
Pledges receivable		2,369,766	5,124,918
Accounts receivable		1,230,026	756,984
Curriculum materials		1,116,460	1,079,242
Prepaid expenses		<u>48,945</u>	<u>183,469</u>
Total current assets		8,829,394	11,639,547
<b><u>Property and Equipment</u></b>			
Leasehold improvements		72,173	72,173
Computers and software		990,067	669,828
Furniture and equipment		<u>732,457</u>	<u>732,457</u>
Subtotal		1,794,697	1,474,458
Less: accumulated depreciation		<u>1,121,372</u>	<u>797,436</u>
Total property and equipment		673,325	677,022
<b><u>Other Assets</u></b>			
Deposits		49,054	60,579
Long-term pledges receivable (net of discount of \$155,544 and \$463,772, respectively)		<u>1,634,905</u>	<u>4,898,004</u>
Total other assets		<u>1,683,959</u>	<u>4,958,583</u>
<b><u>Total Assets</u></b>		<b><u>\$11,186,678</u></b>	<b><u>\$17,275,152</u></b>
		<b><u>LIABILITIES AND NET ASSETS</u></b>	
<b><u>Current Liabilities</u></b>			
Capital lease obligation		\$ 0	\$5,701
Accrued expenses		353,725	305,420
Accrued salaries and related expenses		574,247	679,315
Deferred revenue		<u>550,379</u>	<u>73,224</u>
Total current liabilities		1,478,351	1,063,660
<b><u>Long Term Liabilities</u></b>			
Capital lease obligation		<u>0</u>	<u>11,538</u>
Total long-term liability		0	11,538
<b><u>Net Assets</u></b>			
Unrestricted		2,275,539	671,289
Temporarily restricted		<u>7,432,788</u>	<u>15,528,665</u>
Total net assets		<u>9,708,327</u>	<u>16,199,954</u>
<b><u>Total Liabilities and Net Assets</u></b>		<b><u>\$11,186,678</u></b>	<b><u>\$17,275,152</u></b>

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

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

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR 2008)

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total
<b><u>Support and Revenue</u></b>				
Contributions:				
Individuals	\$ 195,283	\$	\$ 195,283	\$ 140,232
Grants	101,521	2,976,804	3,078,325	12,669,133
In kind	461,769		461,769	387,993
Special events (net)	124,575		124,575	40,185
Released from restrictions	11,072,681	(11,072,681)		
Service fees:				
Contracts	10,684,524		10,684,524	11,085,289
Vouchers and tuition	132,435		132,435	654,480
Interest and dividends	15,000		15,000	10,340
Other	7,023		7,023	4,045
Unrealized loss on investments	(6,884)		(6,884)	(1,808)
Realized loss on investments	(1,115)		(1,115)	
<b><u>Total Support and Revenue</u></b>	<b>22,786,812</b>	<b>(8,095,877)</b>	<b>14,690,935</b>	<b>24,989,889</b>
<b><u>Expenses</u></b>				
Program services	18,237,039		18,237,039	15,534,678
General and administrative	2,017,364		2,017,364	1,618,711
Fundraising	928,159		928,159	1,310,369
<b><u>Total Expenses</u></b>	<b>21,182,562</b>		<b>21,182,562</b>	<b>18,463,758</b>
<b><u>Change in Net Assets</u></b>	<b>1,604,250</b>	<b>(8,095,877)</b>	<b>(6,491,627)</b>	<b>6,526,131</b>
<b><u>Net Assets - Beginning of Year</u></b>	<b>671,289</b>	<b>15,528,665</b>	<b>16,199,954</b>	<b>9,673,823</b>
<b><u>Net Assets - End of Year</u></b>	<b>\$ 2,275,539</b>	<b>\$ 7,432,788</b>	<b>\$ 9,708,327</b>	<b>\$16,199,954</b>

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

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

STATEMENT OF FUNCTIONAL EXPENSES  
JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR 2008)

	2009				2008	
	After School Program	Summer Program	Total Program	General and Administrative	Fundraising	Total
Salaries	\$ 7,937,899	\$ 4,102,947	\$ 12,040,846	\$ 1,366,505	\$ 559,985	\$ 13,967,336
Payroll taxes	751,619	341,918	1,093,537	97,009	39,754	1,230,300
Employee benefits	412,687	184,873	597,560	45,050	18,461	661,071
Subtotal	9,102,205	4,629,738	13,731,943	1,508,564	618,200	15,858,707
Assessments and evaluations	131,016	77,672	208,688			208,688
Consultants	298,873	147,206	446,079		56,139	502,218
Depreciation/amortization	107,786	62,402	170,188	109,057	44,691	323,936
Field trips & Events	544	156,898	157,442			157,442
Insurance	75,364	34,401	109,765	11,194	4,587	125,546
Interest	19,289	11,167	30,456	19,517	7,998	57,971
Miscellaneous	57,012	31,952	88,964	51,424	20,459	160,847
Office supplies	70,659	31,782	102,441	5,556	2,277	110,274
Postage and delivery	29,247	19,074	48,321	4,195	1,719	54,235
Printing and reproduction	163,923	82,554	246,477		45,932	292,409
Professional fees	40,933	23,815	64,748	41,714	17,094	123,556
Rent, Utilities, Maintenance	427,212	192,336	619,548	35,826	14,681	670,055
Recruiting	75,725	24,091	99,816			99,816
Supplies	439,754	368,604	808,358			808,358
Telephone/technology	630,649	322,025	952,674	160,236	65,663	1,178,573
Training	110,257	57,987	168,244			168,244
Travel & transportation	83,961	98,926	182,887	70,081	28,719	281,687
Total	\$ 11,864,409	\$ 6,372,630	\$ 18,237,039	\$ 2,017,364	\$ 928,159	\$ 21,182,562
						\$ 18,463,758

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, 2009  
(WITH COMPARATIVE TOTALS FOR 2008)

	<u>2009</u>	<u>2008</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Change in net assets	\$ (6,491,627)	\$ 6,526,131
Adjustments to reconcile to cash provided by operating activities:		
Depreciation	323,936	277,277
Unrealized loss (gain) on investments	6,884	1,808
Loss on furniture disposal		20,035
(Increase) decrease in:		
Pledges receivable	6,018,251	(805,335)
Accounts receivable	(473,042)	(61,301)
Other receivables		33,985
Curriculum materials	(37,218)	(158,133)
Prepaid expenses	134,524	(29,905)
Increase (decrease) in:		
Accrued expenses	48,305	(398,115)
Accrued salary	(105,068)	335,793
Deferred revenue	477,155	176
Grants payable		(40,000)
<b><u>Net Cash Provided (Used) by in Operating Activities</u></b>	<u>(97,900)</u>	<u>5,702,416</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of fixed assets	(320,239)	(361,547)
Decrease in rental deposit	<u>11,525</u>	<u>286</u>
<b><u>Net Cash (Used) in Investing Activities</u></b>	<u>(308,714)</u>	<u>(361,261)</u>
<b><u>Cash Flows from Financing Activities</u></b>		
Proceeds from line of credit	7,900,000	10,530,000
Repayment of line of credit	(7,900,000)	(12,735,000)
Payment of capital lease obligation	<u>(17,239)</u>	<u>(54,302)</u>
<b><u>Net Cash (Used) by in Financing Activities</u></b>	<u>(17,239)</u>	<u>(2,259,302)</u>
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>	(423,853)	3,081,853
<b><u>Cash and Cash Equivalents - Beginning</u></b>	<u>4,468,698</u>	<u>1,386,845</u>
<b><u>Cash and Cash Equivalents - Ending</u></b>	<u>\$ 4,044,845</u>	<u>\$ 4,468,698</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest paid	<u>\$ 57,021</u>	<u>\$ 174,832</u>

See accompanying notes. See Independent Auditors' Report

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

**Note 1. Organization**

The B.E.L.L. Foundation, Inc. ("BELL") is a national provider of educational after school and summer programs designed to help under-performing children living in under-resourced, urban communities achieve high academic and social standards. During the past 17 years, BELL has helped more than 25,000 children achieve academic proficiency during their formative years, develop high personal and professional aspirations, and gain the determination needed to pursue their dreams.

In 1992, BELL was founded as an after school program in Boston by a group of Black and Latino students at Harvard Law School. Today, BELL offers afterschool and summer programs, serving approximately 6,000 scholars in New York City, 2,000 scholars in Baltimore, 2,000 scholars in Boston, and 1,000 scholars in Detroit. Additionally, BELL is opening summer and afterschool programs in Charlotte, NC commencing July 2009, serving roughly 400 scholars. In the 2009 fiscal year, more than 11,000 BELL scholars gained literacy, math, and social skills, and received mentoring and other integrated services necessary to achieve their dreams. BELL expects to serve another 11,000 scholars in the 2010 fiscal year.

BELL's after school and summer educational programs are based on best practices as described in groundbreaking research of effective out-of-school-time tutoring programs and feature the following core elements:

- Tutoring in literacy and math using research-based curricula.
- Mentoring from positive adult role models to foster self-respect and higher aspirations.
- Experiential learning through field trips, guest speakers and community service.
- Support for parents to engage more deeply in their children's education.
- Rigorous evaluation to ensure continual improvement and scholar success.

In order to provide these programs to children who most need academic and social support to succeed, BELL offers its programs in cities and school districts where over 50% of students fail to reach proficiency in reading and math, according to statewide standardized tests.

Each year, BELL helps thousands of school children living in urban communities make significant academic and social gains:

- In the 2008-2009 after school program, scholars gain an average 10 months of math skills and 8 months of reading skills. During the 2008 summer program, which ranged from five to six weeks, scholars gained an average 6 months in reading and math skills.
- Scholars outpaced 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-concept 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, 2009

(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:

- On June 30, 2009, President Obama invited BELL to the White House for an event which acknowledged and highlighted several innovative non-profits programs that are making a difference in communities across the country. The President called on foundations, philanthropists, and others in the private sector to partner with the government to find and invest in these innovative, high-impact solutions. President Obama stated that now more than ever, we need to build cross-sector partnerships to transform our schools, improve the health of Americans, and employ more people in clean energy and other emerging industries. These community solutions will help build the new foundation for the economy and the nation.
- In 2008, BELL was recognized with the Small Business Association of New England Innovation Award and the Training Magazine Blended Learning and Performance Project of the Year award."
- The Urban Institute's independent evaluation of the BELL summer program used the highest standard of research rigor, and concluded that this program has a statistically significant impact on the reading achievement of children.
- BELL is currently pursuing relationships with multiple school districts for i3 funding. BELL is well positioned for ARRA i3 funding due to the Urban Institute's independent evaluation of the BELL summer program, which concluded that the BELL Summer program has a statistically significant impact on the reading achievement of children. The administration is requiring the Organizations have strong scientific evidence demonstrating their program's impact.
- When President Barack Obama served as a Senator (D-IL), 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*.

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

(Continued)

**Note 1. Organization** (Continued)

- 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.

**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 2009 and 2008 and accordingly, these financials do not reflect any activity related to this class of net assets for 2009 and 2008.
- 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.

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

(Continued)

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

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.

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.

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

(Continued)

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

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

The breakdown for donated goods and services are as follows:

	<u>FY 2009</u>	<u>FY 2008</u>
Curriculum inventory	\$ 126,769	\$ 216,474
Professional services	335,000	150,120
Teachers and tutors	<u>627,790</u>	<u>21,399</u>
	<u>\$ 1,089,559</u>	<u>\$ 387,993</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, 2008, 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 (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).

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

**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. At June 30, 2009, the Organization had no outstanding balance. The line of credit must be renewed annually; the current term expires January 31, 2010.

**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 2009 and 2008.

The Organization entered into a 24-month renewable lease for the Boston Location commencing on February 1, 2008 and expiring on January 31, 2010. The lease requires monthly payments of \$10,010.

The Organization entered into a 36-month renewable 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.

The Organization maintained a Baltimore, MD location under a lease expiring July 31, 2009. The lease required monthly payments of \$4,000. 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.

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>
2010	\$ 316,992	\$ 39,959	\$ 70,070	\$ 427,021
2011	79,248	39,228		118,476
2012		39,228		39,228

Rent expense for 2009 and 2008 totaled \$593,854 and \$630,456, respectively.

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

New York	\$ 24,023
Boston	14,180
Detroit	1,950
Baltimore, MD	8,901
Total	<u>\$ 49,054</u>

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

(Continued)

**Note 6. Pledges Receivable**

Unconditional grants and promises to give at June 30, 2009 consist of the following:

Due 2010	\$ 2,369,766
Due 2011	1,577,949
Due 2012	202,500
Due 2013	<u>10,000</u>
Subtotal	4,160,215
Discount	<u>(155,544)</u>
Net pledges receivable	<u>\$ 4,004,671</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 consist of the following:

	<u>Cost</u>	<u>Market Value</u>
<b>2009</b>		
Equity securities	<u>\$ 24,539</u>	<u>\$ 19,352</u>
<b>2008</b>		
Equity securities	<u>\$ 24,539</u>	<u>\$ 26,236</u>

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

Interest and Dividends	\$ 15,000
Unrealized loss	(6,884)
Realized loss	<u>(1,115)</u>
Total	<u>\$ 7,001</u>

**Note 8. Economic Dependency**

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

Total New York State – SES	<u>\$6,607,412</u>
Percent of unrestricted income	<u>29%</u>

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

(Continued)

**Note 9. Concentrations of Credit Risk**

The Organization 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	\$ 971,466
New York City	750,000
Baltimore	97,000
Capacity Building Campaign	5,275,366
Time restrictions	<u>494,500</u>
Subtotal	7,588,332
Less discount	<u>(155,544)</u>
Total temporarily restricted net assets	<u>\$ 7,432,788</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.

**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 2009 and 2008, BELL contributed \$15,473 and \$18,613 to the Plan, respectively.

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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 combined financial statements of The B.E.L.L. Foundation, Inc. as of and for the year ended June 30, 2009, and have issued our report thereon dated October 15, 2009. 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.

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.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects The B.E.L.L. Foundation, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of The B.E.L.L. Foundation, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by The B.E.L.L. Foundation, Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by The B.E.L.L. Foundation, Inc.'s internal control.



Our consideration of the 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 the 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 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.*

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

Stoughton, Massachusetts  
October 15, 2009