



**The B.E.L.L. Foundation, Inc.**  
**Financial Statements**  
**June 30, 2014**  
(with comparative totals for June 30, 2013)

 **SANDBERG & 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, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

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

Independent Auditor's Report

**Report on Financial Statements**

We have audited the accompanying financial statements of The B.E.L.L. Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The B.E.L.L. Foundation, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2014, on our consideration of The B.E.L.L. Foundation, Inc.'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering The B.E.L.L. Foundation, Inc.'s internal control over financial reporting and compliance.

## **Report on Summarized Comparative Information**

We have previously audited the The B.E.L.L. Foundation, Inc.'s 2013 financial statements, and our report dated September 5, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended Year End Date, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Sandberg & Creeden, P.C.***

SANDBERG & CREEDEN, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
October 7, 2014



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

STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

	<u>ASSETS</u>	
	<u>2014</u>	<u>2013</u>
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 5,686,144	\$ 8,222,780
Pledges receivable	3,412,674	1,500,977
Accounts receivable	3,787,336	2,491,880
Curriculum materials	721,648	907,738
Prepaid expenses	<u>349,219</u>	<u>230,449</u>
Total current assets	13,957,021	13,353,824
<b><u>Property and Equipment</u></b>		
Leasehold improvements	174,716	174,716
Computers and software	1,527,659	1,472,381
Furniture and equipment	<u>796,577</u>	<u>796,576</u>
Subtotal	2,498,952	2,443,673
Less: accumulated depreciation	<u>2,291,730</u>	<u>2,167,001</u>
Total property and equipment	207,222	276,672
<b><u>Other Assets</u></b>		
Deposits	159,007	169,291
Long-term pledges receivable (net of discount of \$7,143 and \$58,937, respectively)	<u>142,857</u>	<u>407,063</u>
Total other assets	<u>301,864</u>	<u>576,354</u>
<b><u>Total Assets</u></b>	<b><u>\$ 14,466,107</u></b>	<b><u>\$ 14,206,850</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Accrued expenses	\$ 841,938	\$ 800,241
Accrued salaries and related expenses	1,308,358	1,081,567
Deferred service fees	775,556	371,582
Line of credit	<u>2,000,000</u>	<u>                    </u>
Total current liabilities	4,925,852	2,253,390
<b><u>Net Assets</u></b>		
Unrestricted	4,991,835	4,775,955
Temporarily restricted	<u>4,548,420</u>	<u>7,177,505</u>
Total net assets	<u>9,540,255</u>	<u>11,953,460</u>
<b><u>Total Liabilities and Net Assets</u></b>	<b><u>\$ 14,466,107</u></b>	<b><u>\$ 14,206,850</u></b>

See accompanying notes. See Independent Auditor's 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, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
<b><u>Support and Revenue</u></b>				
Contributions:				
Individuals	\$ 229,415	\$ 24,500	\$ 253,915	\$ 153,102
Grants	3,136,782	4,808,965	7,945,747	7,646,499
In kind	1,005,166		1,005,166	1,217,330
Special events (net)	40,870		40,870	249,722
Released from restrictions	7,462,550	(7,462,550)		
Service fees:				
Contracts	9,746,324		9,746,324	9,742,256
Interest and dividends	819		819	617
Other	69,878		69,878	9,174
<b><u>Total Support and Revenue</u></b>	21,691,804	(2,629,085)	19,062,719	19,018,700
<b><u>Expenses</u></b>				
Program services	18,653,320		18,653,320	19,507,701
General and administrative	2,163,179		2,163,179	1,663,036
Fundraising	659,425		659,425	836,818
<b><u>Total Expenses</u></b>	21,475,924		21,475,924	22,007,555
<b><u>Change in Net Assets</u></b>	215,880	(2,629,085)	(2,413,205)	(2,988,855)
<b><u>Net Assets – Beginning of Year</u></b>	4,775,955	7,177,505	11,953,460	14,942,315
<b><u>Net Assets – End of Year</u></b>	\$ 4,991,835	\$ 4,548,420	\$ 9,540,255	\$ 11,953,460

See accompanying notes. See Independent Auditor's 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  
FOR THE YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

	2014						2013
	After School Program	Summer Program	Total Program	General and Administrative	Fundraising	Total	Total
Salaries	\$ 4,502,463	\$ 7,461,123	\$ 11,963,586	\$ 1,133,875	\$ 340,840	\$ 13,438,301	\$ 13,511,744
Payroll taxes	479,414	643,474	1,122,888	84,857	25,508	1,233,253	1,264,721
Employee benefits	186,636	259,663	446,299	120,795	36,311	603,405	674,316
Subtotal	5,168,513	8,364,260	13,532,773	1,339,527	402,659	15,274,959	15,450,781
Assessments and evaluations	38,875	128,247	167,122			167,122	273,460
Bad debt	205,831	167,900	373,731	131,873		505,604	
Books and curriculum	186,000	713,042	899,042			899,042	603,362
Depreciation/amortization	20,667	36,262	56,929	52,129	15,670	124,728	164,164
Enrollment and marketing	4,412	29,036	33,448			33,448	102,505
Field trips & Events	98,037	340,759	438,796			438,796	394,521
Fundraising expense					54,733	54,733	38,697
Human resources	54,800	93,762	148,562	49,518	14,885	212,965	186,170
Insurance	33,193	62,889	96,082	16,681	5,014	117,777	152,172
Interest	9,646	16,925	26,571	24,331	7,314	58,216	17,743
Occupancy	177,659	310,343	488,002	122,783	36,908	647,693	655,719
Office expense	112,950	195,270	308,220	94,420	28,383	431,023	447,223
Other direct program	26,683	178,714	205,397			205,397	516,158
Other miscellaneous	27,137	80,175	107,312	17,315	5,205	129,832	181,216
Professional fees	189,045	331,507	520,552	108,102	26,581	655,235	1,605,763
Program supplies	77,993	227,397	305,390			305,390	199,636
Recruiting	17,621	34,774	52,395			52,395	18,470
Staff training	79,808	158,254	238,062			238,062	171,589
Technology	115,029	204,222	319,251	142,959	42,973	505,183	423,877
Travel & transportation	112,686	222,997	335,683	63,541	19,100	418,324	404,329
Total	\$ 6,756,585	\$ 11,896,735	\$ 18,653,320	\$ 2,163,179	\$ 659,425	\$ 21,475,924	\$ 22,007,555

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



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

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

	<u>2014</u>	<u>2013</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Change in net assets	(\$ 2,413,205)	(\$ 2,988,855)
Adjustments to reconcile to cash provided by operating activities:		
Depreciation	124,728	164,164
(Increase) decrease in:		
Pledges receivable	(1,647,491)	187,374
Accounts receivable	(1,295,456)	(793,771)
Curriculum materials	186,090	339,281
Prepaid expenses	(118,770)	107,099
Increase (decrease) in:		
Accrued expenses	41,697	168,663
Accrued salary	226,791	(445,541)
Deferred revenue	<u>403,974</u>	<u>39,082</u>
<b><u>Net Cash (Used) in Operating Activities</u></b>	<u>(4,491,642)</u>	<u>(3,222,504)</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of fixed assets	(55,278)	(138,706)
Decrease in rental deposit	<u>10,284</u>	<u>(6,883)</u>
<b><u>Net Cash (Used) in Investing Activities</u></b>	<u>(44,994)</u>	<u>(145,589)</u>
<b><u>Cash Flows from Financing Activities</u></b>		
Proceeds from line of credit	3,500,000	
Repayment of line of credit	<u>(1,500,000)</u>	
<b><u>Net Cash Provided by in Financing Activities</u></b>	<u>2,000,000</u>	<u>0</u>
<b><u>(Decrease) in Cash and Cash Equivalents</u></b>	(2,536,636)	(3,368,093)
<b><u>Cash and Cash Equivalents – Beginning</u></b>	<u>8,222,780</u>	<u>11,590,873</u>
<b><u>Cash and Cash Equivalents – Ending</u></b>	<u>\$ 5,686,144</u>	<u>\$ 8,222,780</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest paid	<u>\$ 58,215</u>	<u>\$ 17,743</u>

See accompanying notes. See Independent Auditor's 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, 2014

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

The B.E.L.L. Foundation, Inc. ("BELL") is a 501(c)3 nonprofit organization that partners with schools and communities to expand learning time. 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, and has since served more than 100,000 students in grades K-8 in Alabama, California, Colorado, Connecticut, Florida, Georgia, Illinois, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New York, North Carolina, Ohio, South Carolina, Texas and Washington DC. In fiscal year 2014, approximately 11,840 elementary and middle school students benefited from BELL's summer and after school learning experiences.

BELL's program models are designed to serve scholars who read and perform math below grade-level, and who come from low-income families and disadvantaged neighborhoods. 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 core programs in a year-round effort to help children excel. Its summer learning program operates up to 5 days per week, 8 hours per day, for 8 weeks. Its after school program operates up to 5 days per week, 3 hours per day, for 30 weeks at 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 small-group instruction in literacy and math; mentorship from teachers and college students; experiential learning through enrichment courses, 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 one month of grade-equivalent reading and math skills in the summer.
- Scholars outpace national norms in acquiring new academic skills and narrow the achievement gap between them and their higher-income peers during the school year.
- The majority of BELL parents agree that BELL programs help increase their child's self-confidence 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.



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

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

(Continued)

#### **Note 1. Organization** (Continued)

For example:

- In the summer of 2014, subsequent to the year under audit, BELL served roughly 9,380 scholars across 20 cities – thanks to public-private partnerships with school districts, community organizations, donors, and federal agencies.
- Over the last several years, several school districts, including Boston Public Schools, Baltimore City Schools, and Winston-Salem / Forsyth County Schools, partnered with BELL to provide summer learning opportunities in place of traditional summer school. In 2014, BELL also tested out a different partnership model of that which was in place during 2013 with the Y-USA and eight of its Associations in San Antonio, Minneapolis-Saint Paul, Denver, Clearwater, Montgomery, Washington DC, Hartford, and Orlando. BELL's partnership model is demonstrating to schools and districts throughout the country how summer learning can help all children excel and turn around low-performing schools.
- In the spring of 2011, BELL was selected to receive a three-year Social Innovation Fund grant from the Edna McConnell Clark Foundation and the Corporation for National and Community Service. This grant is helping BELL expand its programs nationally while further developing an evidence base second to none in the expanded learning field. The grant period was concluded in July 2014.

Through its work, BELL is helping make high quality expanded learning opportunities a fixture in schools throughout the country.

#### **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  
The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 accordingly, the Organization reports 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.



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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

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

b. Financial Statement Presentation (Continued)

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 2014 and 2013 and accordingly, these financials do not reflect any activity related to this class of net assets for 2014 and 2013.

c. 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.

d. 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.

e. 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.

f. 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.

g. 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, 2014

(Continued)

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

h. Contributed Goods and Services

Contributed services are recognized at the fair value of contributed services received, if such 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 and recorded the following donated goods and services:

	<u>FY 2014</u>	<u>FY 2013</u>
Professional Fees	\$	\$ 25,000
Transportation		132,398
Program Supplies	16,548	
Teachers, tutors, site managers	<u>988,618</u>	<u>1,059,932</u>
	<u>\$1,005,166</u>	<u>\$ 1,217,330</u>

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. 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

k. 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.

l. 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.

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

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

m. 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, 2013, from which the summarized information was derived.

**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, 2014, would be subject to Federal and State taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

Accounting principles generally accepted in the United States of America require the Organization management to evaluate tax positions taken by the Organization and recognize a tax liability (or assets) if it has taken an uncertain position that more likely would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken and has concluded that as of June 30, 2014, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The tax returns are subject to routine audits by taxing jurisdictions, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for the years prior to 2011.

**Note 4. Concentrations of Credit Risk**

The cash operating balance, held at Sovereign Bank is insured by the Federal Deposit Insurance Corporation up to \$250,000 per account. As of June 30, 2014, \$1,512,045 of the balance was uninsured. The investment balance, held at Fidelity Investments, is insured by the Securities Investor Protection Corporation up to \$250,000. The uninsured cash equivalent balance totaled \$3,848,814. The balance in the account is invested in treasury-backed money 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.



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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

**Note 5. Pledges Receivable**

Unconditional grants and promises to give at June 30, 2014 consist of the following:

Due 2016	\$ 150,000
Discount	<u>(7,143)</u>
Net pledges receivable	<u>\$ 142,857</u>
Due Current FY 2015	\$ 3,412,674
Due Long-term less discount	<u>142,857</u>
Total pledges receivable (net)	<u>\$ 3,555,531</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%.

Conditional pledges from three donors not recognized in the financial statements at June 30, 2014 amounted to \$1,650,000.

**Note 6. 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, 2014 and 2013, the Organization had an outstanding balance of \$2,000,000 and \$0, respectively. The line of credit must be renewed annually; the current term expires January 31, 2015.

**Note 7. Prepaid Expenses**

Prepaid expenses consist of payments made to various vendors for services and program use in future fiscal year activities. At June 30, 2014, approximately 54% of the account balance consists of expenditures necessary in advance of program services to be provided in the Summer of 2015.

**Note 8. Deferred Service Fees**

Deferred service fees are comprised of funds received in advance of the approved service delivery of the contracted activity as follows:

Summer 2014 Programs, North Carolina	\$331,647
Summer 2014 Programs, Ohio	274,375
Summer 2014 Programs, New York	3,146
Summer 2014 Programs, Y-USA	<u>166,388</u>
Total Deferred Service Fees	<u>\$775,556</u>



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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

**Note 9. Temporarily Restricted Net Assets**

Temporarily restricted net assets consists of contributions received or receivable that contain written donor restrictions on their use limited to a program or time period not met by the Organization in fiscal year 2014 as follows:

	<u>Total</u>
Summer program location:	
Massachusetts	\$ 96,990
New York	405,650
New Jersey	38,582
Maryland	61,000
North Carolina	45,750
California	83,418
Alumni Scholarship Fund	71,600
Time restrictions	<u>3,752,573</u>
Subtotal	4,555,563
Less discount	<u>(7,143)</u>
Total temporarily restricted net assets	<u>\$ 4,548,420</u>

**Note 10. Occupancy**

The Organization received the free use of space from some of its local educational partners for these programs. No reasonable basis exists to value that use for 2014 and 2013.

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:

February 2014 – January 2015	\$ 16,419
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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:

October 2013 – September 2014	\$ 21,489
October 2014 – September 2015	21,919

The Organization entered into a lease in Baltimore which expires August 2016. The lease requires monthly payments as follows:

September 2013 – August 2014	\$ 1,725
September 2014 – August 2015	1,777
September 2015 – August 2016	1,830

The Organization entered into a 12-month lease for the California location which expires July 12, 2015. The lease requires monthly payments as follows:

July 2014 – July 2015	\$ 403
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THE B.E.L.L. FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
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(Continued)

**Note 10. Occupancy** (Continued)

The Organization entered into a 12-month lease for the North Carolina location which expires May 31, 2015. The lease requires monthly payments as follows:

May 2014 – May 2015                      \$ 1,000

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</u>	<u>Boston</u>	<u>California</u>	<u>North Carolina</u>	<u>Total</u>
2015	\$ 261,738	\$ 21,220	\$ 114,933	\$ 4,635	\$ 11,000	\$ 413,526
2016	65,757	21,854	0	202	0	87,813
2017	0	3,660	0	0	0	3,660

Rent expense for 2014 and 2013 totaled \$553,839 and \$551,818, respectively.

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

New York	\$133,077
Boston	21,749
Baltimore	1,725
California	<u>2,456</u>
Total	<u>\$ 159,007</u>

**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 employee 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 employee's contribution. During 2014 and 2013, BELL contributed \$17,558 and \$17,387 to the Plan, respectively.

**Note 12. Related Party Transactions**

The CEO of the Organization is a member 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. The transaction was deemed to be an arms-length transaction.

**Note 13. The Evaluation of Subsequent Events**

The Organization has evaluated subsequent events through November 14, 2014, the date which the financial statements were available to be issued.

There was no subsequent events to be disclosed based on this evaluation.

