

LOWELL AREA SCHOOLS
EDUCATION FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

C O N T E N T S

	<u>Page</u>
ACCOUNTANTS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES	3
STATEMENT OF CASH FLOWS	4
NOTES TO FINANCIAL STATEMENTS.5-8

To the Board of Directors
Lowell Area Schools Education Foundation
Lowell, Michigan

We have reviewed the accompanying statement of financial position of Lowell Area Schools Education Foundation (a nonprofit corporation) as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Foundation management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accounting principles.



Linda L. Graff, C.P.A., P.C.

January 5, 2012

LOWELL AREA SCHOOLS EDUCATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

ASSETS	
Cash and cash equivalents	\$ 75,156
Investments	138,765
Land	<u>551,667</u>
TOTAL ASSETS	<u>\$765,588</u>
NET ASSETS	
Unrestricted	\$112,499
Temporarily restricted	2,866
Permanently restricted	<u>650,223</u>
TOTAL NET ASSETS	<u>765,588</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$765,588</u>

See accompany notes and accountant's review report

LOWELL AREA SCHOOLS EDUCATION FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

UNRESTRICTED NET ASSETS	
Unrestricted Revenues	
Contributions	\$ 47,177
Dividend and interest income	1,431
Unrealized gain on investments	<u>5,307</u>
TOTAL UNRESTRICTED REVENUES	<u>53,915</u>
Expenses	
Program services	
Grants paid out	45,388
Supporting services	
Fundraising	1,801
Management and general	<u>4,473</u>
TOTAL EXPENSES	<u>51,662</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>2,253</u>
TEMPORARILY RESTRICTED NET ASSETS	
Contributions	
Alumni	<u>335</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>335</u>
PERMANENTLY RESTRICTED NET ASSETS	
Endowment fund contributions, net of expenses	2,070
Unrealized gain on investments	<u>16,343</u>
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	<u>18,413</u>
INCREASE IN NET ASSETS	21,001
NET ASSETS - Beginning of year	<u>744,587</u>
NET ASSETS - End of year	<u>\$765,588</u>

See accompany notes and accountant's review report

LOWELL AREA SCHOOLS EDUCATION FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 21,001
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Unrealized gains on investments	(21,650)
Contributions permanently restricted	<u>(7,263)</u>
NET CASH PROVIDED (USED) BY OPERATIONS	<u>(7,912)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Dividends reinvested	<u>(812)</u>
 NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(812)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,724)
 CASH AND CASH EQUIVALENTS - Beginning of year	<u>83,880</u>
 CASH AND CASH EQUIVALENTS - End of year	<u>\$ 75,156</u>

See accompany notes and accountant's review report

LOWELL AREA SCHOOLS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Lowell Area Schools Education Foundation is a non-profit organization organized to solicit, collect, receive and administer funding for innovative learning and enhanced programs for the students of Lowell Area Schools.

The Foundation provides a means and opportunity for supporters and friends of Lowell Area Schools to support the schools during and beyond their lifetime through gifts. The Foundation organizes activities to promote, encourage and aid the schools in providing and continuing to provide quality education. The Foundation provides support or assistance for any programs of Lowell Area Schools that are organized and operated exclusively for scientific, literary and educational purposes. The Foundation is a non-profit organization as described in Internal Revenue Code Section 501(c)(3) and is exempt from federal and state taxes.

Public Support and Revenue

Contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. Significant grants are recorded as received and/or expended.

LOWELL AREA SCHOOLS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Public Support and Revenue (Continued)

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 Foundation has three classes of net assets - unrestricted, temporarily restricted and permanently restricted. Unrestricted assets are used for current operating needs and program services. Temporarily restricted assets are restricted for designated purposes that will be realized within one year. Permanently restricted assets are reserved only for expenditures over a period longer than one year.

Endowment contributions and a portion of investments are permanently restricted. Investment earnings available for distribution are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received, if material. During the year ended June 30, 2011, the value of contributed services meeting the requirements for recognition in the financial statements was not considered material and has not been recorded.

LOWELL AREA SCHOOLS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Basis of Presentation

The Foundation 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Fund-Raising Expense

Total fund-raising expenses for the year ended June 30, 2011 were \$1,801. Fund-raising expenses relate to an upcoming event and year end letter. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on a cash basis.

LOWELL AREA SCHOOLS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE B - RESTRICTION OF NET ASSETS

Temporarily restricted assets are monies remaining that are designated for in alumni activities and events. Permanently restricted assets include the accumulation of Tribute Tree donations, fifteen percent of the annual interest earned on these funds and land contributed.

NOTE C - INVESTMENTS

Investments consist of an endowment and a mutual fund with readily determinable fair values and are stated at fair value. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. The Foundation's investments at June 30, 2011 consist of the following:

Grand Rapids Community Foundation	
Endowment Fund	\$102,560
Mutual Fund	<u>36,205</u>
Total Investments	<u>\$138,765</u>

NOTE D - SUBSEQUENT EVENTS

Subsequent events were evaluated through January 5, 2012, which is the date of the financial statements were available to be issued. All organizations are subject to future events including unforeseen liabilities that can affect their social and economic ability to carry out their goals. At the present time, management of the Foundation is not aware of any future event or liability that could interfere with the Foundation's ability to achieve its goals.

