

LOWELL AREA SCHOOLS  
EDUCATION FOUNDATION

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FINANCIAL STATEMENTS

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YEAR ENDED JUNE 30, 2009

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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, 2009, and the related statements of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Lowell Area Schools Education Foundation.

A review consists principally of inquiries of organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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.

A handwritten signature in blue ink that reads "Linda L. Graff CPA P.C." The signature is written in a cursive style.

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

January 5, 2010

LOWELL AREA SCHOOLS EDUCATION FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2009

ASSETS	
Cash and cash equivalents	\$ 12,870
Investments	148,801
Land	<u>551,667</u>
TOTAL ASSETS	<u>\$713,338</u>
NET ASSETS	
Unrestricted	\$ 91,157
Temporarily restricted	2,119
Permanently restricted	<u>620,062</u>
TOTAL NET ASSETS	<u>713,338</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$713,338</u>

See accompany notes and accountant's report

LOWELL AREA SCHOOLS EDUCATION FOUNDATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009

UNRESTRICTED NET ASSETS	
Unrestricted Revenues	
Contributions	\$ 38,066
Dividend income	178
Expiration of time restriction - CD	<u>54,731</u>
TOTAL UNRESTRICTED REVENUES	<u>92,975</u>
Expenses	
Program services	
Grants paid out	33,580
Supporting services	
Management and general	<u>9,371</u>
TOTAL EXPENSES	<u>42,951</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>50,024</u>
TEMPORARILY RESTRICTED NET ASSETS	
Contributions	
Wittenbach Center	965
Interest income and unrealized loss on Investments	<u>3,365</u>
	<u>4,330</u>
Disbursements	
Distribution to Wittenbach Center	(56,246)
Expiration of time restriction of CD	<u>(54,731)</u>
TOTAL DISBURSEMENTS	<u>(110,977)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(106,647)</u>
PERMANENTLY RESTRICTED NET ASSETS	
Endowment fund contributions and interest	2,861
Unrealized loss on investments	<u>(18,911)</u>
INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS	<u>(16,050)</u>
DECREASE IN NET ASSETS	(72,673)
NET ASSETS - Beginning of year	<u>786,011</u>
NET ASSETS - End of year	<u>\$713,338</u>

See accompany notes and accountant's report

LOWELL AREA SCHOOLS EDUCATION FOUNDATION  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (72,673)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities	
Unrealized loss on investments	<u>15,367</u>
NET CASH USED BY OPERATIONS	<u>(57,306)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Redemption of investments	<u>3,584</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>3,584</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (53,722)
 CASH AND CASH EQUIVALENTS - Beginning of year	 <u>66,592</u>
 CASH AND CASH EQUIVALENTS - End of year	 <u>\$ 12,870</u>

See accompany notes and accountant's report

LOWELL AREA SCHOOLS EDUCATION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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, 2009

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 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, 2009, 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, 2009

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

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements for Not-for-Profit Organizations. Under SFAS No. 117, 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.

NOTE B - RESTRICTION OF NET ASSETS

Temporarily restricted assets are monies remaining that are designated for use at the Wittenbach Center and alumni activities and events. All assets temporarily restricted for the Wittenbach Center were distributed during the year ended June 30, 2009. Permanently restricted assets include the accumulation of Tribute Tree donations, fifteen percent of the annual interest earned on these funds and land contributed.

LOWELL AREA SCHOOLS EDUCATION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE C - INVESTMENTS

Investments consist of long-term bank Certificates of Deposits and a mutual fund. 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, 2009 consist of the following recorded at fair value:

Certificates of Deposit	\$ 54,732
Grand Rapids Community Foundation	
Endowment Fund	67,594
Mutual Fund	<u>26,475</u>
 Total Investments	 <u>\$148,801</u>

NOTE D - SUBSEQUENT EVENTS

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.

NOTE E - CERTIFICATES OF DEPOSIT

A certificate of deposit totaling \$54,732 is included in investments in the accompanying financial statements. The certificate bears interest of 5.09% and has a maturity date of June 17, 2010. Any penalties for early withdrawal would not have a material effect on the financial statements.