

LOWELL AREA SCHOOLS
EDUCATION FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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(INDEPENDENT) ACCOUNTANT'S REVIEW REPORT

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, 2015, 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 accounting principles generally accepted in the United States of America.



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

March 30, 2016

LOWELL AREA SCHOOLS EDUCATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS	
Cash and cash equivalents	\$ 49,785
Spendable balance -	
Beneficial interest assets	33,180
Investments	
Mutual fund	68,501
Other Assets	
Beneficial interest asset	96,916
Land	<u>1</u>
TOTAL ASSETS	<u>\$248,383</u>
NET ASSETS	
Unrestricted	\$127,781
Temporarily restricted	4,011
Permanently restricted	<u>116,591</u>
TOTAL NET ASSETS	<u>248,383</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$248,383</u>

See accompanying notes and accountant's review report

LOWELL AREA SCHOOLS EDUCATION FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, GAINS AND SUPPORT				
Grants	\$ 20,000	\$ -	\$ -	\$ 20,000
Contributions	4,195	-	400	4,595
Change in market value of investments	1,894	-	-	1,894
Alumni	-	575	-	575
Fund Raisers	6,550	-	1,700	8,250
Investment income-dividends and interest	1,122	-	-	1,122
Net gain in beneficial interest asset	<u>-</u>	<u>-</u>	<u>2,221</u>	<u>2,221</u>
TOTAL REVENUE, GAINS AND SUPPORT	<u>33,761</u>	<u>575</u>	<u>4,321</u>	<u>38,657</u>
EXPENSES				
Program grants	25,007	-	-	25,007
Fundraising	106	-	-	106
Alumni	-	290	-	290
Management and general	<u>4,074</u>	<u>-</u>	<u>-</u>	<u>4,074</u>
TOTAL EXPENSES	29,187	290	-	29,477
TRANSFERS				
Contributions between beneficial interest asset	5,584	-	(5,584)	-
NET INCREASE IN NET ASSETS	10,158	285	(1,263)	9,180
NET ASSETS - BEGINNING OF YEAR	<u>117,623</u>	<u>3,726</u>	<u>117,854</u>	<u>239,203</u>
NET ASSETS - END OF YEAR	<u>\$ 127,781</u>	<u>\$ 4,011</u>	<u>\$ 116,591</u>	<u>\$248,383</u>

See accompanying notes and accountant's review report

LOWELL AREA SCHOOLS EDUCATION FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash collected from donors and fundraisers	\$ 33,420
Cash paid for program services	(25,007)
Cash paid for management expenses	(4,470)
Dividend and interest income	<u>1,192</u>
NET CASH PROVIDED (USED) BY OPERATIONS	<u>5,135</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Maturity of investments	20,000
Dividends reinvested	(1,029)
Transfer to beneficial interest asset	<u>(2,100)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>16,871</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	22,006
CASH AND CASH EQUIVALENTS - Beginning of year	<u>27,779</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 49,785</u>

See accompanying notes and accountant's review report

LOWELL AREA SCHOOLS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Lowell Area Schools Education Foundation is a non-profit organization, (Michigan Corporation), 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.

Federal Tax Status

The Internal Revenue Service has ruled that the Foundation is a public charity as described in Section 509(a)(3) of the Internal Revenue Code. Consequently, the organization is exempt from taxes under Internal Revenue Code Section 501(c)(3).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation, and has concluded as of June 30, 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

LOWELL AREA SCHOOLS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

Federal Tax Status (Continued)

Management believes it is no longer subject to income tax examinations for fiscal years prior to 2012.

Public Support and Revenue

The Foundation accepts contributions from individuals, organizations and local businesses. Contributions are categorized as unrestricted, temporarily restricted or permanently restricted based on the donor's stipulations. The Foundation also holds various fund raising events during the year. These funds are treated as unrestricted.

Contributed Services

No amounts have been reflected in the financial statements for donated services. A substantial number of unpaid volunteers have made significant contributions of their time to develop and implement the Foundation's program.

Statement Presentation

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 endowment contributions and a portion of investments. 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.

LOWELL AREA SCHOOLS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

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.

Beneficial Interest Asset

On January 16, 2007, the foundation entered into an Agency Endowment Agreement (AEA) with the Grand Rapids Community Foundation (GRCF). This agreement established a fund within the GRCF that was to be invested for the benefit of the Lowell Area School Education Foundation (LASEF) or its designee.

The AEA contains a variance power that allows the GRCF to redirect the funds in the AEA to another charitable organization in the Lowell community that satisfies the requirement of a qualified charitable organization and serves the purposes of LASEF.

The Foundation has adopted FASB 136, "Transfers of Assets to a Not-For-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others" accounting standard. This statement establishes standards for transactions in which a foundation contributes to a community foundation, that agrees to transfer those assets, the return on investment of those assets, or both to another entity that is specified by the donor. The statement specifically requires the donor organization (LASEF) to record the present value of the future payments expected to be made to LASEF.

LOWELL AREA SCHOOLS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Beneficial Interest Asset (Continued)

As an alternative to this calculation, the organization is allowed to record the amount of the fund as a beneficial interest asset. The Foundation has elected to use this method of valuation for financial statement presentation.

NOTE B - INVESTMENTS

Investments consist of a mutual fund with a readily determinable fair value and is stated at fair value. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

NOTE C - SUBSEQUENT EVENTS

Subsequent events were evaluated through March 30, 2016, 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.

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LOWELL AREA SCHOOLS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

Federal Tax Status (Continued)

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LOWELL AREA SCHOOLS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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LOWELL AREA SCHOOLS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Beneficial Interest Asset (Continued)

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NOTE B - INVESTMENTS

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NOTE C - SUBSEQUENT EVENTS

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