

CAM JENNINGS, CPA, P. C.

BELTON EDUCATIONAL FOUNDATION

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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BELTON EDUCATIONAL FOUNDATION

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December 31, 2011

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June 6, 2012

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Belton Educational Foundation
Belton, MO 64012

I have audited the accompanying statement of financial position of Belton Educational Foundation (a non-profit organization) as of December 31, 2011, and the related statements of support, revenues and expenses - cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to in the above paragraph present fairly, in all material respects, the financial position of Belton Educational Foundation as of December 31, 2011, in conformity with the basis of accounting described in Note 1.

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BELTON EDUCATIONAL FOUNDATION
Statement of Financial Position – Cash Basis
December 31, 2011

	<u>2011</u>
ASSETS	
Current Assets	
Cash	\$ 87,262
Country Club Trust Company:	
Operating	26,200
Endowment	<u>123,009</u>
Country Club Trust Company Total	149,209
Investments	
CD-Country Club Trust Company	12,086
Total Current Assets	<u>248,557</u>
Total Assets	<u>\$ 248,557</u>
NET ASSETS	
Unrestricted	111,297
Temporarily Restricted (Note 1)	1,947
Permanently Restricted	<u>135,313</u>
Total Net Assets	<u>\$ 248,557</u>

See Notes to Financial Statements

BELTON EDUCATIONAL FOUNDATION
Statement of Activities –Cash Basis
Year Ended December 31, 2011

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL (MEMORANDUM ONLY)
SUPPORT & REVENUE				
Endowment	\$ 0	\$ 0	\$ 5,490	\$ 5,490
Current & Past Employee	0	9,997	0	9,997
Public Support-General	94,483	29,809	0	124,292
Total Revenues	94,483	39,806	5,490	139,779
EXPENSES				
Bank Fees	330	0	1,459	1,789
Meetings / Travel	387	0	0	387
Contract Services	1,500	0	0	1,500
Grant	27,430	20,300	0	47,730
Food and Event Expenses	1,105	0	0	1,105
Postage & Delivery	4,026	0	0	4,026
Student Scholarships	4,950	9,280	0	14,230
Insurance	1,180	0	0	1,180
Payroll Reimbursement	25,333	0	0	25,333
Office Supplies	3,589	0	0	3,589
Subscriptions	1,340	0	0	1,340
Total Expenses	71,170	29,580	1,459	102,209
OTHER INCOME (EXPENSES)				
Interest Income	0	241	5,396	5,637
Total Other Income (Expenses)	0	241	5,396	5,637
Excess (Deficiency) of Revenues Over Expenses	23,313	10,467	9,427	43,207
Net Assets, Beginning of Year	79,464	0	125,886	205,350
Net Assets, End of Year	\$ 102,777	\$ 10,467	\$ 135,313	\$ 248,557

See Notes to Financial Statements

BELTON EDUCATIONAL FOUNDATION

Notes to Financial Statements

December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Foundation was created on October 24, 2001, as a "General Not-For-Profit Foundation" under Missouri Statutes and has been recognized by the Internal Revenue Service as a tax-exempt organization under Internal Revenue Code Section 501 (c)(3). The Foundation promotes grants and scholarships to the students of the Belton School District for continuing education. The Foundation solicits funds from individuals and businesses.

Concentrations

The Foundation receives virtually all of its revenues from contributions from the public.

Accounting Method

The Foundation prepares its financial statements on the cash basis of accounting. Under this method of accounting, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligations are incurred.

Funds

The accounts of the Foundation are maintained in accordance with the principles of fund accounting, a procedure by which resources are classified in accordance with specified objectives and activities. The Foundation maintains the following funds:

Unrestricted Funds: Funds are not restricted for any specific purpose by donors. These funds can be designated by the Foundation Board for a specific use.

Temporarily Restricted Donation/Funds: Funds are temporarily, not permanently, restricted by the donor for a specific project, grant, scholarship, etc. Funds cannot be used for anything except what the donor specifies, and all of the funds contributed are expended.

Permanently Restricted Funds: Funds are permanently restricted by the donor for a specific endowment or for the General Endowment Fund. Only the income can be expended, not the principle.

Board Designated Funds: Unrestricted Funds and unrestricted endowment income may be designated by the Board for a specific purpose.

Cash

Cash consists of a checking account in the amount of \$87,262 and a CD in the amount of \$12,086 along with an endowment and temporarily restricted operating account totaling \$149,209 all at Country Club Trust Company. Cash balances are FDIC insured to \$250,000.

Income Tax Status:

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. The organization files form 990 with a calendar year end.

BELTON EDUCATIONAL FOUNDATION
Notes to Financial Statements
December 31, 2011

NOTE 2 - LONG-TERM DEBT

There is no long-term debt to disclose.

NOTE 3 - RELATED PARTIES

There are no related party transactions to disclose.

NOTE 4 – ENDOWMENT FUNDS

The Foundation Board decided to allocate 50% of staff funds donated through payroll deductions to the Permanently Restricted Endowment Fund in order to increase the fund balance.

NOTE 5 – INVESTMENT POLICY

All Endowed funds and no more than 50% of non-endowed funds will be invested with the Foundation's money manager in the manner outlined below:

<u>Asset Class</u>	<u>Minimum Investment</u>	<u>Maximum Investment</u>
Equity/Stocks	0%	75%
Fixed Income/Bonds	0%	60%
Certificates of Deposit	0%	100%
Money Market/Cash	0%	100%

SUPPLEMENTARY INFORMATION

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June 6, 2012

Board of Directors
Belton Educational Foundation

In planning and performing my audit of the financial statements of Belton Educational Foundation for the year ended December 31, 2011, I considered Belton Educational Foundation's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

However, during my audit, I became aware of some matters that are an opportunity for strengthening internal controls and operating efficiency. (I previously reported on the Organization's internal control in my report dated June 6, 2012). This letter does not affect my report dated June 6, 2012, on the financial statements of Belton Educational Foundation.

I will review the status of these comments during my next audit engagements. I have already discussed these comments and suggestions with various Organization personnel, and I will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Cam Jennings, CPA, P.C.

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BELTON EDUCATIONAL FOUNDATION
Management Letter Memorandum
December 31, 2011

ORGANIZATIONAL STRUCTURE

The size of the Foundation's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Foundation to provide oversight and independent review functions.

CLIENT RESPONSE

The Board continues to have two signatures on each check as a measure to ensure proper authorization of all payments.

FINANCIAL REPORTING

Management is responsible for establishing, maintaining, and monitoring internal controls over financial reporting, and for the fair presentation of the financial statements and related notes in conformity with U.S. generally accepted accounting principles.

The American Institute of Certified Public Accountants (AICPA) recently issued Statement on Auditing Standards (SAS) No. 112 *Communicating Internal Control Matters Identified in an Audit*. SAS 112 places a greater emphasis on the reporting of internal control matters under the new definitions of significant deficiencies and material weaknesses contained in SAS 112.

Under SAS 112, I have to assess the Foundation's controls over preparing the financial statements including assessing the skills and competencies necessary to prevent, detect, and correct a material misstatement. A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. Control deficiencies exist when the Foundation does not have controls over statements. As part of my audit, management requested I prepare a draft of the Foundation's financial statements and footnotes. The Executive Director reviewed, approved, and accepted responsibility for those statements. Outsourcing of these services is not unusual. However, I cannot be considered part of the Foundation's internal control over financial reporting. Accordingly, I consider this deficiency in the Foundation's internal controls over financial reporting to be a material weakness.

CLIENT RESPONSE

The Board will investigate the potential of expansion in order to add a CPA to the Board.

BELTON EDUCATIONAL FOUNDATION
Management Letter Memorandum
December 31, 2011

CHECKS WRITTEN TO CASH

I noted several checks that were made payable to "Cash". I suggest an accounting policy be followed that prohibits the drawing of checks to "Cash/Bearer". Checks should be made payable to a specific name.

CLIENT RESPONSE

The Foundation's Executive Director has notified the chair of the finance committee of this issue. The chair has agreed to develop a policy regarding the writing of checks to cash. Going forward, the Foundation will only make checks out to an entity or an individual.