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***DRESS FOR SUCCESS BOSTON, INC.***

FINANCIAL STATEMENTS  
Year ended December 31, 2008

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*DRESS FOR SUCCESS BOSTON, INC.*

FINANCIAL STATEMENTS  
Year ended December 31, 2008

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2008

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To the Board of Trustees  
Dress for Success Boston, Inc.  
Boston, Massachusetts

We have reviewed the accompanying statement of financial position of Dress for Success Boston, Inc. (a not-for-profit organization) as of December 31, 2008, and the related statements of activities and changes in net assets 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 Dress for Success Boston, Inc.

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 accepted accounting principles.

*Robert F. Pagano & Associates, P.C.*

ROBERT F. PAGANO & ASSOCIATES, P.C.

February 19, 2009  
Boston, Massachusetts

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**DRESS FOR SUCCESS BOSTON, INC.**

Statement of Financial Position  
December 31, 2008

|   |                          |
|---|--------------------------|
| <b>ASSETS</b>                           |                          |
| Cash and cash equivalents               | \$ 347,487               |
| Prepaid expenses                        | 20,863                   |
| Property and equipment:                 |                          |
| Computers                               | 16,009                   |
| Software                                | 7,954                    |
|   | <u>23,963</u>            |
| Less - accumulated depreciation         | 15,115                   |
| Net property and equipment              | <u>8,848</u>             |
| Investments held for endowment purposes | <u>39,312</u>            |
|   | <u><u>\$ 416,510</u></u> |
| <br><b>LIABILITIES AND NET ASSETS</b>   |                          |
| Liabilities:                            |                          |
| Accounts payable                        | <u>\$ 2,451</u>          |
| Net assets:                             |                          |
| Unrestricted net assets                 | 374,747                  |
| Permanently restricted net assets       | 39,312                   |
| Total net assets                        | <u>414,059</u>           |
|   | <u><u>\$ 416,510</u></u> |

*See accompanying notes and accountants' review report.*

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**DRESS FOR SUCCESS BOSTON, INC.**

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2008

|   |                          |
|---|--------------------------|
| <b>UNRESTRICTED NET ASSETS</b>                |                          |
| Revenues and other support:                   |                          |
| Contributions and grants                      | \$ 431,733               |
| Interest income                               | 7,045                    |
|   | <u>438,778</u>           |
| Expenses:                                     |                          |
| Program expenses                              | 142,535                  |
| Fundraising                                   | 92,775                   |
| Management and general                        | 70,298                   |
|   | <u>305,608</u>           |
| Increase in unrestricted net assets           | <u>133,170</u>           |
| <b>PERMANENTLY RESTRICTED NET ASSETS</b>      |                          |
| Contributions                                 | <u>39,312</u>            |
| Increase in permanently restricted net assets | <u>39,312</u>            |
| <b>TOTAL INCREASE IN NET ASSETS</b>           | <b>172,482</b>           |
| Net assets, beginning of year                 | <u>241,577</u>           |
| Net assets, end of year                       | <u><u>\$ 414,059</u></u> |

*See accompanying notes and accountants' review report.*

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**DRESS FOR SUCCESS BOSTON, INC.**  
 Statement of Cash Flows  
 Year Ended December 31, 2008

|  |                   |
|--|-------------------|
| <b>Cash flows from operating activities:</b>   |                   |
| Increase in net assets   | \$ 172,482        |
| Adjustments to reconcile increase in net assets<br>to net cash provided by operating activities: |                   |
| Contributions restricted for endowment purposes  | (39,312)          |
| Depreciation   | <u>2,336</u>      |
| Net cash provided by operating activities<br>before changes in assets and liabilities            | 135,506           |
| Changes in assets and liabilities:   |                   |
| Increase in prepaid expenses   | (5,197)           |
| Increase in accounts payable   | <u>1,778</u>      |
| Net cash provided by operating activities  | <u>132,087</u>    |
| <b>Cash flows from investing activities:</b>   |                   |
| Purchase of investments held for endowment purposes  | (39,312)          |
| Purchase of property and equipment   | <u>(11,184)</u>   |
| Net cash used in investing activities  | <u>(50,496)</u>   |
| <b>Cash flows from financing activities:</b>   |                   |
| Proceeds from contributions restricted for endowment purposes                                    | <u>39,312</u>     |
| Net cash provided by financing activities  | <u>39,312</u>     |
| Net increase in cash and cash equivalents  | 120,903           |
| Cash and cash equivalents beginning of year  | <u>226,584</u>    |
| Cash and cash equivalents end of year  | <u>\$ 347,487</u> |
| <b>Supplemental disclosure of cash flow information:</b>   |                   |
| Interest paid during the year  | <u>\$ -</u>       |
| Income taxes paid during the year  | <u>\$ -</u>       |

*See accompanying notes and accountants' review report.*

**DRESS FOR SUCCESS BOSTON, INC.**

Notes to Financial Statements  
Year ended December 31, 2008

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**1. ORGANIZATION**

Organization and Purpose

Dress for Success Boston, Inc. (the Organization) is a not-for-profit organization operating in Boston, Massachusetts. The Organization's primary purpose is to advance low-income women's economic and social development and to encourage self-sufficiency through development and employment retention.

Dress for Success Boston, Inc. is a member organization of Dress for Success Worldwide.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. A summary of the significant accounting policies applied in the preparation of the financial statements follows:

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 of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization 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.

Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. For the year ended December 31, 2008, the Organization had no temporarily restricted net assets.

Permanently restricted net assets represent the principal amount of contributions accepted with the stipulation from the donor that the principal be maintained in perpetuity and only the income from investments thereof be expended for other general purposes or a purpose specified by the donor.

Cash and Cash Equivalents

The Organization considers all highly liquid short-term investments with an original maturity of three months or less to be cash equivalents. Money market funds, held in the Organization's endowment portfolio, are classified as investments and are not considered to be cash equivalents for purposes of the statement of cash flows.

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**DRESS FOR SUCCESS BOSTON, INC.**

Notes to Financial Statements  
Year ended December 31, 2008

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued**Property and Equipment

Property and equipment are stated at cost if purchased or at fair value, if donated. Depreciation of computers and software is provided using accelerated methods over useful lives of 5-7 years. Depreciation expenses was \$2,336 for the year ended December 31, 2008.

The cost of maintenance and repairs is charged to operations as incurred. Major renewals, betterments, and additions are capitalized.

Investments Held for Endowment Purposes

Investments held for endowment purposes consist of money market funds and are stated at cost, which approximates market value.

Contributions

The Organization recognizes revenues from contributions and grants, and interest income as received.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the 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 and Changes in Net Assets as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Functional Allocation of Expenses

The Organization has one program, which consists primarily of offering services to low income women to help them enter the workforce and stay employed. The costs of providing the program services and activities have been summarized on a functional basis in the statement of activities. Expenses by function have been allocated among program services, management and general and fundraising service classifications on the basis of estimates made by the Organization's management.

Income Taxes

The Organization is a nonprofit organization, that is exempt from income taxes under Section 501c(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

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**DRESS FOR SUCCESS BOSTON, INC.**

Notes to Financial Statements  
Year ended December 31, 2008

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued**

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

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.

**3. PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets consist of endowment fund assets to be maintained in perpetuity. The income from the assets can be used as determined by the Finance Committee of the Organization and is recorded as an increase in unrestricted net assets.

**4. MAJOR CONTRIBUTORS**

During the year ended December 31, 2008, five contributors accounted for 22.1% of the Organization's total contributions and grants. Two of the five contributors accounted for 15.8%.

**5. CONTRIBUTED MATERIALS, FACILITIES AND SERVICES**

Contributed Materials

The Organization recognizes the fair value of contributed materials as unrestricted contributions and expenses.

During the year ended December 31, 2008, the Organization received business attire having a fair value of \$32,538 from the Organization's affiliate Dress for Success Worldwide, which was recorded as unrestricted contributions and program expenses.

Contributed Facilities

The Organization recognizes the fair value of contributed facilities as unrestricted contributions and expenses. For the year ended December 31, 2008, contributed facilities has a fair value of \$26,712.

***DRESS FOR SUCCESS BOSTON, INC.***

Notes to Financial Statements  
Year ended December 31, 2008

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5. **CONTRIBUTED MATERIAL, FACILITIES AND SERVICES...continued**

Contributed Services

The Organization recognizes as unrestricted contributions and expenses the estimated fair value of those contributed services that meet either of the following criteria:

- The services received either create or enhance nonfinancial assets, or
- The services received require specialized skills and are provided by individuals possessing those skills, and the services received would typically need to be purchased if not provided by contribution.

For the year ended December 31, 2008, the Organization did not receive contributed services.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in carrying out its mission. No value for these volunteer hours is included in the total for contributed services.

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