

DRESS FOR SUCCESS BOSTON, INC.

Financial Statements
June 30, 2013



SANDBERG & CREEDEN, P.C.
Certified Public Accountants

*331 Page Street
Stoughton, MA 02072*

DRESS FOR SUCCESS BOSTON, INC.

FINANCIAL STATEMENTS
JUNE 30, 2013

Table of Contents

	<u>PAGE</u>
Independent Auditors' Report	1-2
<u>Financial Statements</u>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-12



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

Independent Auditor's Report

We have audited the accompanying financial statements of Dress for Success Boston, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair representation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dress for Success Boston, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Sandberg & Creeden P.C.

SANDBERG & CREEDEN, P.C.
Certified Public Accountants

Stoughton, Massachusetts
March 20, 2014

DRESS FOR SUCCESS BOSTON, INC.

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

ASSETS

Current Assets

Cash and cash equivalents	\$ 542,684
Assets held for endowment	41,312
Prepaid expenses	<u>1,854</u>
Total current assets	585,850

Property and Equipment

Software	7,953
Equipment	29,037
Furniture and fixtures	<u>9,006</u>
Subtotal	45,996
Less: accumulated depreciation	<u>29,634</u>
Total property and equipment	<u>16,362</u>

Total Assets

\$ 602,212

LIABILITIES AND NET ASSETS

Current Liabilities

Accrued expenses	\$ <u>8,990</u>
Total current liabilities	8,990

Net Assets

Unrestricted - undesignated	551,910
Unrestricted - board designated	<u>2,000</u>
Total unrestricted net assets	553,910
Permanently restricted net assets	<u>39,312</u>
Total net assets	<u>593,222</u>

Total Liabilities and Net Assets

\$ 602,212

See accompanying notes and Independent Auditors' Report.



DRESS FOR SUCCESS BOSTON, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support and Revenue</u>				
Contributions	\$ 97,448	\$ 25,000	\$	\$ 122,448
In-kind contributions	152,000			152,000
Special event	292,675	25,000		317,675
Released from restriction	50,000	(50,000)		
Other income	26,605			26,605
Interest income	<u>1,141</u>			<u>1,141</u>
<u>Total Support and Revenue</u>	619,869			619,869
<u>Expenses</u>				
Program services	348,288			348,288
Management and general	84,482			84,482
Fundraising	<u>139,885</u>			<u>139,885</u>
<u>Total Expenses</u>	<u>572,655</u>			<u>572,655</u>
<u>Change in Net Assets</u>	47,214			47,214
<u>Net Assets – Beginning of Year</u>	<u>506,696</u>		<u>39,312</u>	<u>546,008</u>
<u>Net Assets – End of Year</u>	<u>\$ 553,910</u>	<u>\$ 0</u>	<u>\$ 39,312</u>	<u>\$ 593,222</u>

See accompanying notes and Independent Auditors' Report.



DRESS FOR SUCCESS BOSTON, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	Program	Management and General	Fundraising	Total
Salaries	\$ 114,827	\$ 25,877	\$ 25,877	\$ 166,581
Payroll taxes	10,189	2,296	2,296	14,781
Fringe benefits	10,741	2,421	2,421	15,583
Total salaries and related expenses	135,757	30,594	30,594	196,945
Clothing, shoes & accessories	11,183			11,183
Computer expenses	5,213	1,175	1,175	7,563
Consultants		27,043		27,043
Depreciation	2,970	670	670	4,310
Dues and fees		7,229		7,229
In-Kind	152,000			152,000
Insurance	2,227	502	502	3,231
Marketing			946	946
Meals	1,430			1,430
Meeting supplies and expenses	28,394			28,394
Office supplies	857	277	190	1,324
Payroll processing		3,763		3,763
Postage			1,309	1,309
Printing	8,257		2,064	10,321
Professional fees		6,500		6,500
Special event			102,435	102,435
Telephone and internet		2,021		2,021
Travel		4,708		4,708
Total expenses	<u>\$ 348,288</u>	<u>\$ 84,482</u>	<u>\$ 139,885</u>	<u>\$ 572,655</u>

See accompanying notes and Independent Auditor's Report.



DRESS FOR SUCCESS BOSTON, INC.

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013

<u>Cash Flows from Operating Activities</u>	
Change in net assets	\$ 47,214
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	4,310
(Increase) decrease in:	
Prepaid expenses	6
Increase (decrease) in:	
Accounts payable and accrued expenses	<u>6,564</u>
<u>Net Cash Provided by Operating Activities</u>	<u>58,094</u>
<u>Cash Flows From Investing Activities</u>	
Equipment/Software purchases	<u>(4,799)</u>
<u>Net Cash (Used) by Investing Activities</u>	<u>(4,799)</u>
<u>Cash Flows From Financing Activities</u>	<u>0</u>
<u>Increase in Cash and Cash Equivalents</u>	53,295
<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>489,389</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u>\$ 542,684</u>
<u>Supplemental Information</u>	
Interest paid	<u>\$ 0</u>

See accompanying notes and Independent Auditors' Report.



DRESS FOR SUCCESS BOSTON, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Organization

Dress for Success Boston, Inc. was organized in the Commonwealth of Massachusetts as a not-for-profit on March 27, 2001 and has served 864 women in FY2013 and close to 8,000 women since their inception. Dress for Success Boston is an affiliate of the Worldwide Dress for Success organization, which now has over 130 affiliates in 12 countries.

The mission of Dress for Success Boston is to promote the economic independence of disadvantaged women by providing professional attire, a network of support, and the career development tools to help them thrive in work and in life.

The main goal of Dress for Success Boston is to help low income women transition into the workforce. We achieve this in two specific ways (1) by providing interview-appropriate clothing and (2) by offering job search and retention services. The three programs that support these activities are:

- The Suiting Program
- The Professional Women's Group Program
- The Career Center

Job Acquisition:

The Suiting Program

The clients are referred to the organization from human service agencies that are helping women gain control of their lives. The organization partners with welfare to work agencies, domestic violence shelters, homeless shelters, drug rehabilitation programs, prison early release programs, GED and literacy programs and agencies that help new immigrants get started in a life of economic independence. Each woman receives one suit for an interview; once she obtains a job, she receives up to a week's worth of business apparel. All outfits are free of charge to our clients and are theirs to keep. The clients receive one-on-one assistance from trained, volunteer personal shoppers who help select an appropriate suit, shoes, and accessories for a professional environment. The Dress for Success Boston volunteers gently guide the clients through the selection process, making recommendations and educating them on workplace expectations.

Each woman who comes to Dress for Success Boston receives personal attention and is treated with dignity and respect. The time a client spends at Dress for Success Boston is very special. She can discuss her upcoming interview, her professional presentation, child-care plans, and other concerns. Creating a positive environment for the client, Dress for Success Boston strives to stimulate self-confidence; this helps her get the job she deserves and, in turn, helps her entire family. When the clients obtain employment, they are invited to return to Dress for Success Boston for up to a week's worth of workplace attire and to join the Professional Women's Group

Preparation for Corporate Culture:

The Professional Women's Group (PWG)

While Dress for Success may be best known for providing suits to women, it is the employment retention programs that are the cornerstone of the organization. Soon after Dress for Success was founded it recognized that finding work is only one step in a woman's journey towards economic independence; remaining employed and building a rewarding career are essential if a woman is to become self-sufficient.



DRESS FOR SUCCESS BOSTON, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(Continued)

Note 1. Organization (Continued)

The Professional Women's Group (PWG) is an invitation-only networking association for Dress for Success Boston clients who have recently entered the workforce, some for the first time. The PWG encourages employment retention and career development by providing a safe environment to network with other women, build professional skills, and learn how to advance in their jobs.

**Making Use of Resources:
The Career Center**

Dress for Success Boston's Career Center promotes confidence and professionalism by providing clients with career guidance, technology skills, and job-seeking support. Career Center is open to all clients of Dress for Success Boston, whether they are currently enrolled in the Professional Women's Group yet or not. The Career Center offers one-on-one resume building and cover-letter writing lessons, free access to computers which includes an Internet-accessible computer lab with cutting edge job-placement software, and a Lending Library of continuing educational information and studying materials, interview preparation, and general office support, assisting clients with their job searches and encouraging their career development.

In order to successfully obtain a job, clients must learn how best to navigate the job-search process. By teaching our clients how to create superior resumes and cover letters, as well as how to hone their interview and technology skills, we can ensure that they feel confident and capable when applying for employment.

Note 2. Summary of Significant Accounting Policies

- a. Standards of Accounting and Reporting
The Organization follows standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for "Not-for-Profit Organizations."
- b. Financial Statement Presentation
The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Accordingly, the Organization reports 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. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.



DRESS FOR SUCCESS BOSTON, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

b. Financial Statement Presentation (Continued)

Temporarily Restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization.

c. Cash and Cash Equivalents

For purposes of the statements of cash flows, Dress for Success Boston, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

d. Assets Held for Endowment Purposes

Assets held for endowment purposes consist of cash and cash equivalents held in a money market account and include both donor restricted and board designated net assets. The Organization's investment policy is to maintain donor-restricted endowment fund assets in short-term cash equivalents.

e. Property and Equipment

These assets are recorded at cost, when purchased or if donated, at their estimated fair market value at date of donation. All acquisitions of property and equipment in excess of \$200 and all expenditures for repairs and betterments that materially prolong the useful lives of assets are capitalized.

f. Depreciation

Provisions for depreciation are made in the accounts using the straight-line method over the estimated useful life of the asset. The estimated useful lives of the assets are as follows:

Furniture and fixtures	5 years
Equipment	3-5 years
Software	3 years

g. Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor 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 as net assets released from restrictions.



DRESS FOR SUCCESS BOSTON, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

- h. Promises To Give
Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.
- i. Other Income
Other income is recognized as revenue when items of clothing or accessories which were donated to the agency are resold at set times during the year as a means to manage their limited facilities.
- j. In kind Contributions
In kind donations are reflected as contributions at their estimated fair market value at date of receipt if an objective basis exists for recording and assigning value of such donations. Donated services are recognized as contributions if the service (a) creates or enhances nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization received and recorded the following in kind contributions:

Facility	\$ 30,000
Clothing, shoes, and accessories	<u>122,000</u>
Total	<u>\$ 152,000</u>

A substantial number of unpaid volunteers, including members of the Board of Directors contribute significant amounts of their time to the Organization. The value of this contributed time is not reflected in the accompanying financial statements as it does not meet the criteria for recognition as noted above. The Organization has estimated that these individuals provide approximately 3,362 hours per year in program services and would that would have cost the agency approximately \$73,964 to accomplish the agency's mission.

- k. Use of Estimates
The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



DRESS FOR SUCCESS BOSTON, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

I. Allocation of Expenses

Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Note 3. Tax Status

Dress for Success Boston, Inc. is exempt from federal and state income tax under Section 501 (c) (3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (a) and has been classified as an organization that is not a private foundation under Section 509(a) (1).

Unrelated business income, of which the Organization had none for the year ending June 30, 2013, would be subject to Federal and State taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

Note 4. Significant Concentrations and Credit Risks

The Organization maintains its cash balance in three financial institutions. The balances are insured by the Federal Deposit Insurance Corporation. At June 30, 2013 the Organization's cash balances were fully insured.

Note 5. Board Designated Net Assets

The Board of Directors established a board designated endowment in 2009, specifying that the principal of the board-designated endowment would be retained and invested. There will be no withdrawal of principal as invested in the money market account except upon approval of the Board. On an annual basis the Board can designate an amount to be added to the board-designated portion of the unrestricted net asset account balance. At June 30, 2013 the board-designated endowment fund assets totaled \$2,000.

Note 6. Permanently Restricted Net Assets

Permanently restricted net assets consist of donor-restricted contributions to be maintained in perpetuity. Income from the investment is available for use and withdrawal as determined by the Finance Committee of the Organizations. The Organization's investment policy is to maintain these funds in short-term cash equivalents. At June 30, 2013 the permanently restricted net account balance totaled \$39,312 and was held in a money market account.



DRESS FOR SUCCESS BOSTON, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(Continued)

Note 7. Compensated Absences

Vacation and sick pay are considered expenditures in the year paid. No liability has been recorded in the accompanying financial statements.

Note 8. Related Party Activity

A member of the Board of Directors is compensated for her work as a fundraising coordinator. Compensation is approved annually by the Board.

Note 9. Subsequent Events

The Organization evaluated events through April 1, 2014 the date the financial statements were available to be issued.

There were no subsequent events to be disclosed based on this evaluation.

