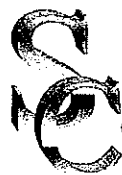


**BOSTON EDUCATION, SKILLS & TRAINING CORP.**

**Financial Statements  
June 30, 2013  
(With Comparative Totals for 2012)**



**SANDBERG & CREEDEN, P.C.**

*Certified Public Accountants*

*331 Page Street*

*Stoughton, MA 02072*

**BOSTON EDUCATION, SKILLS & TRAINING CORP.**

FINANCIAL STATEMENTS  
JUNE 30, 2013  
(WITH COMPARATIVE TOTALS FOR 2012)

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	7-11
<u>Additional Information</u>	
Report on Internal Control Over Financial Reporting and Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	12-13



331 Page Street • Stoughton, MA 02072

Telephone: (781) 344-0850

Fax: (781) 344-6960

[www.sandbergandcreeden.com](http://www.sandbergandcreeden.com)

To the Board of Directors of  
Boston Education, Skills & Training Corp.  
Boston, Massachusetts

Independent Auditor's Report

We have audited the accompanying financial statements of Boston Education, Skills & Training Corp. (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.

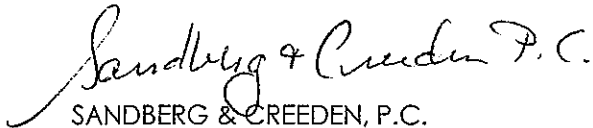
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boston Education, Skills & Training Corp. 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.

**Report on Summarized Comparative Information**

We have previously audited the Boston Education, Skills & Training Corp.'s 2012 financial statements, and our report dated August 3, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended Year End Date, is consistent, in all material respects, with the audited financial statements from which it has been derived.



SANDBERG & CREEDEN, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
September 3, 2013

**BOSTON EDUCATION, SKILLS & TRAINING CORP.**

STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2013  
(WITH COMPARATIVE TOTALS FOR 2012)

**ASSETS**

	<u>2013</u>	<u>2012</u>
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 321,694	\$ 271,732
Accounts receivable	73,719	77,326
Prepaid expenses	<u>4,302</u>	<u>5,053</u>
Total current assets	399,715	354,111
<b><u>Fixed Assets</u></b>		
Leasehold improvements	162,927	150,320
Equipment	53,609	46,453
Furniture and fixtures	<u>110,418</u>	<u>102,712</u>
Subtotal	326,954	299,485
Less: accumulated depreciation	<u>171,045</u>	<u>137,313</u>
Total fixed assets	<u>155,909</u>	<u>162,172</u>
<b><u>Total Assets</u></b>	<b><u>\$ 555,624</u></b>	<b><u>\$ 516,283</u></b>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities</u></b>		
Accounts payable and expenses	\$ 16,121	\$ 22,699
Accrued payroll and other payroll payables	<u>31,771</u>	<u>26,109</u>
Total current liabilities	47,892	48,808
<b><u>Net Assets</u></b>		
Unrestricted	479,738	467,475
Temporarily restricted	<u>27,994</u>	<u>        </u>
Total net assets	<u>507,732</u>	<u>467,475</u>
<b><u>Total Liabilities and Net Assets</u></b>	<b><u>\$ 555,624</u></b>	<b><u>\$ 516,283</u></b>

See accompanying notes and Independent Auditors' Report.



**BOSTON EDUCATION, SKILLS & TRAINING CORP.**

STATEMENT OF ACTIVITIES  
FOR YEAR ENDED JUNE 30, 2013  
(WITH COMPARATIVE TOTALS FOR 2012)

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total
<b><u>Revenue</u></b>				
Contributions	\$ 58,000	\$ 27,994	\$ 85,994	\$
Service fees	1,134,164		1,134,164	1,194,186
Interest income	434		434	461
Total revenue	1,192,598	27,994	1,220,592	1,194,647
<b><u>Expenses</u></b>				
Program services	918,587		918,587	895,029
General and administrative	219,379		219,379	233,015
Fundraising	42,369		42,369	31,368
<b><u>Total Expenses</u></b>	1,180,335		1,180,335	1,159,412
<b><u>Change in Net Assets – Before Other Items</u></b>	12,263	27,994	40,257	35,235
<b><u>Other Items</u></b>				
Cancellation of contributions				(206,267)
<b><u>Change in Net Assets – After Other Items</u></b>	12,263	27,994	40,257	(171,032)
<b><u>Net Assets - Beginning of Year</u></b>	467,475		467,475	638,507
<b><u>Net Assets - End of Year</u></b>	\$ 479,738	\$ 27,994	\$ 507,732	\$ 467,475

See accompanying notes and Independent Auditors' Report.





STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2013  
(WITH COMPARATIVE TOTALS FOR 2012)

	2013			2012
	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 508,185	\$ 110,078	\$ 18,216	\$ 636,479
Payroll taxes	51,410	11,136	1,843	64,389
Employee benefits	105,037	29,277	6,604	140,918
Total salaries and related expenses	664,632	150,491	26,663	841,786
Advertising			2,084	2,084
Bank charges		27		27
Classroom supplies	35,110			35,110
Consultants	71,181	6,181	9,272	86,634
Depreciation	26,932	5,834	966	33,732
Dues and membership		3,003		3,003
Equipment rental	5,434	1,177	195	6,806
Filing fees		265		265
Insurance	10,960	2,313	139	13,412
Miscellaneous	479	362		841
Occupancy	55,128	11,941	1,976	69,045
Office expense	7,109	3,041		10,150
Office supplies	10,696	2,018	334	13,048
Payroll processing		17,649		17,649
Postage and delivery	724	12		736
Professional development	2,159	3,191		5,350
Professional fees		5,500		5,500
Repairs and maintenance	8,643	1,872	310	10,825
Telephone	8,043	1,742	288	10,073
Travel	11,357	2,760	142	14,259
Website expense				457
Total expenses	\$ 918,587	\$ 219,379	\$ 42,369	\$ 1,180,335
				\$ 1,159,412

See accompanying notes and Independent Auditors' Report.

**BOSTON EDUCATION, SKILLS & TRAINING CORP.**

STATEMENT OF CASH FLOWS  
FOR YEAR ENDED JUNE 30, 2013  
(With Comparative Totals for 2012)

	<u>2013</u>	<u>2012</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Change in net assets	\$ 40,257	\$ (171,032)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	33,732	34,527
(Increase) decrease in:		
Accounts receivable	3,607	24,813
Prepaid expenses	751	(272)
Increase (decrease) in:		
Accounts payable	(6,578)	(9,398)
Accrued payroll	<u>5,662</u>	<u>(6,464)</u>
<b><u>Net Cash Provided (Used) by Operating Activities</u></b>	<u>77,431</u>	<u>(127,826)</u>
<b><u>Cash Flows From Investing Activities</u></b>		
Purchase of fixed assets	(27,469)	(12,969)
Purchase of investments		(104)
Return of reserve account		<u>206,267</u>
<b><u>Net Cash Provided (Used) by Investing Activities</u></b>	<u>(27,469)</u>	<u>193,194</u>
<b><u>Net Cash Provided by Financing Activities</u></b>	<u>0</u>	<u>0</u>
<b><u>Increase in Cash and Cash Equivalents</u></b>	49,962	65,368
<b><u>Cash and Cash Equivalents- Beginning of Year</u></b>	<u>271,732</u>	<u>206,364</u>
<b><u>Cash and Cash Equivalents - End of Year</u></b>	<u>\$ 321,694</u>	<u>\$ 271,732</u>
<b><u>Supplemental Information</u></b>		
Interest paid	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes and Independent Auditors' Report.





# BOSTON EDUCATION, SKILLS & TRAINING CORP.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

### Note 1. Organization

Boston Education, Skills & Training (BEST) Corp. Local 26 Hotel Training Center is an independent non-profit organization, created in Massachusetts on April 6, 2004, focusing on the workforce development needs of the hospitality industry. The Organization's mission is to provide individuals with the education, skills and training to excel in the hospitality industry and in their personal lives. We provide English for Speakers of Other Language (ESOL) classes, skill training classes in hospitality related areas, adult basic education and individual career counseling and support services.

### Note 2. Summary of Significant Accounting Policies

- a. Standards of Accounting and Reporting  
The Organization follows the 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 (formerly Statement of Financial Accounting Standards No. 117, Financial Statements for Not-for-Profit Organizations). 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.
  - 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. No permanently restricted assets were received or held during 2013 and accordingly, these financials do not reflect any activity related to this class of net assets for 2013.
- c. Cash and Cash Equivalents  
For purposes of the statement of cash flows, Boston Education, Skills & Training Corp. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.



**BOSTON EDUCATION, SKILLS & TRAINING CORP.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

(Continued)

**Note 2. Summary of Significant Accounting Policies (Continued)**

d. 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.

e. Fixed Assets

These assets are recorded at cost when purchased, or if donated at their estimated fair value at the date of donation. All acquisitions of equipment in excess of \$1,000 and all expenditures that materially prolong the useful lives of assets are capitalized.

f. Investments

Boston Education, Skills & Training Corp. follows FASB ASC 820, *Fair Value Measurements*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles ("GAAP"), and expands disclosures about fair value measurements. Under FASB ASC 820, fair value refers to the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, FASB ASC 820 establishes a fair value hierarchy that prioritizes the information used to develop these assumptions. Under FASB ASC 820, fair value measurements are separately disclosed by level within the fair value hierarchy.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

**Level I:** Quoted prices are available in active markets for identical investments as of the reporting date.

**Level II:** Pricing inputs are other than quoted prices in active markets of comparable investments, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

**Level III:** Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment.



**BOSTON EDUCATION, SKILLS & TRAINING CORP.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

f. Investments (Continued)

Investments include listed money market, and whose fair value is therefore classified and disclosed as Level I. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

All Boston Education, Skills & Training Corp. investments include listed money market, and whose fair value is therefore classified and disclosed as Level I. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

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.

h. Donated Materials and Services

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Boston Education, Skills & Training Corp. Boston Education, Skills & Training Corp. received the services of volunteers for their programs but those services and skills do not meet the requirements to be recorded in these statements. The Organization received donated services valued at \$26,811 and \$28,014 for 2013 and 2012, respectively.

i. Depreciation

Provisions for depreciation are made in the accounts using the straight-line method. Office equipment is being depreciated over 3-15 years.

j. 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.



**BOSTON EDUCATION, SKILLS & TRAINING CORP.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

k. 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.

l. Summarized Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

**Note 3. Tax Status**

Boston Education Skills & Training Corp. 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. Concentration of Credit Risk**

The Organization maintains its cash balance in two financial institutions. The balance is insured by Federal Deposit Insurance Corporation. At June 30, 2013, the full balance is insured.

Credit risk with respect to receivables is considered low as the balance is made up of well-known organizations.

**Note 5. Significant Concentration**

The Organization operates a majority of its programs under a contract with the Greater Boston Hotel Employees/Local 26 Trust Funds. During 2013 these Trusts provided the Organization with 68% of its total revenue. The Organization services both the incumbent members of that Local Union, as well as potential employees for the Hospitality Industry.



**BOSTON EDUCATION, SKILLS & TRAINING CORP.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

(Continued)

**Note 6. Qualified Deferred Compensation Plan**

The Organization sponsors a qualified, trustee defined pension plan. The Organization is required to contribute \$15,000 each year the Executive Director is employed at Boston Education, Skills & Training Corp. The Organization entered into an irrevocable trust agreement with Fidelity Investments to manage the plan assets.

**Note 7. Temporarily Restricted Net Assets**

Temporarily restricted net assets were available for the following purposes at June 30, 2013:

Purchase of computer equipment	<u>\$ 27,994</u>
--------------------------------	------------------

**Note 8. Lease Commitments**

Boston Education Skills & Training Corp. currently leases office space as a tenant-at-will. Monthly payments of \$5,500, which includes the cost of utilities, are required. Rent expense totaled \$69,045 for the fiscal year ended June 30, 2013.

The Organization entered into a 60 month equipment lease which expires on March 25, 2015. The lease requires monthly payments of \$291. Equipment lease expenses totaled \$6,805 for the fiscal year ended June 30, 2013. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Total</u>
2014	\$ 3,492
2015	2,328

**Note 9. Subsequent Event**

The Organization has evaluated events through September 11, 2013 the date the financial statements were available to be issued.

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



331 Page Street • Stoughton, MA 02072

Telephone: (781) 344-0850

Fax: (781) 344-6960

[www.sandbergandcreeden.com](http://www.sandbergandcreeden.com)

September 3, 2013

To the Board of Directors of  
Boston Education, Skills & Training Corp.  
Boston, Massachusetts

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Boston Education, Skills & Training Corp. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 3, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Boston Education, Skills & Training Corp.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boston Education, Skills & Training Corp.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

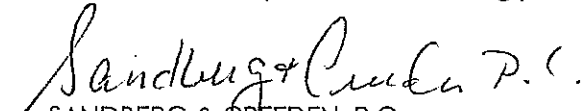
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boston Education, Skills & Training Corp.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
SANDBERG & CREEDEN, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
September 3, 2013

