

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

**Financial Statements  
June 30, 2009  
(With Comparative Totals for 2008)**

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

**FINANCIAL STATEMENTS  
JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR 2008)**

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

Independent Auditors' Report on the Financial Statements

We have audited the accompanying statement of financial position of Boston Education, Skills & Training Corp. as of June 30, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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. We believe that our audit provides a reasonable basis for our 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, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2009, on our consideration of Boston Education, Skills & Training Corp.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

  
SANDBERG, GONZALEZ & CREEDEN, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
August 18, 2009

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

STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR 2008)

	<u>2009</u>	<u>2008</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash	\$ 220,771	\$ 125,763
Accounts receivable	<u>32,435</u>	<u>19,200</u>
Total current assets	<u>253,206</u>	<u>144,963</u>
<b><u>Fixed Assets</u></b>		
Leasehold improvements	135,733	103,306
Equipment	24,006	49,501
Furniture and fixtures	<u>83,880</u>	<u>18,615</u>
Subtotal	243,619	171,422
Less: accumulated depreciation	<u>44,914</u>	<u>18,785</u>
Total fixed assets	<u>198,705</u>	<u>152,637</u>
<b><u>Other Assets</u></b>		
Investments	<u>204,436</u>	<u>          </u>
<b><u>Total Assets</u></b>	<b><u>\$ 656,347</u></b>	<b><u>\$ 297,600</u></b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts payable	\$ 7,877	\$ 9,855
Pension payable	300	300
Accrued expenses	3,756	5,321
Accrued payroll and other payroll payables	58,241	12,294
Deferred service fees	<u>19,872</u>	<u>25,710</u>
Total current liabilities	90,046	53,480
<b><u>Net Assets</u></b>		
Unrestricted	366,301	244,120
Temporarily restricted	<u>200,000</u>	<u>          </u>
Total net assets	<u>566,301</u>	<u>244,120</u>
<b><u>Total Liabilities and Net Assets</u></b>	<b><u>\$ 656,347</u></b>	<b><u>\$ 297,600</u></b>

See accompanying notes and Independent Auditors' Report.

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

STATEMENT OF ACTIVITIES  
FOR YEAR ENDED JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR 2008)

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total
<b><u>Revenue</u></b>				
Contributions	\$ 2,510	\$ 240,000	\$ 242,510	\$
In-kind	17,940		17,940	
Released from restriction	40,000	(40,000)		
Service fees	1,192,955		1,192,955	720,395
Interest income	<u>4,939</u>		<u>4,939</u>	
Total revenue	1,258,344	200,000	1,458,344	720,395
<b><u>Expenses</u></b>				
Program services	1,005,234		1,005,234	326,333
General and administrative	73,390		73,390	117,226
Fundraising	<u>57,539</u>		<u>57,539</u>	<u>53,635</u>
<b><u>Total Expenses</u></b>	<u>1,136,163</u>		<u>1,136,163</u>	<u>497,194</u>
<b><u>Change in Net Assets</u></b>	122,181	200,000	322,181	223,201
<b><u>Net Assets - Beginning of Year</u></b>	<u>244,120</u>		<u>244,120</u>	<u>20,919</u>
<b><u>Net Assets - End of Year</u></b>	<u>\$ 366,301</u>	<u>\$ 200,000</u>	<u>\$ 566,301</u>	<u>\$ 244,120</u>

See accompanying notes and Independent Auditors' Report.

**BOSTON EDUCATION, SKILLS TRAINING CORP.**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR 2008)

	2009				2008
	Program Services	General and Administrative	Fundraising	Total	Total
Salaries	\$ 576,683	\$ 26,454	\$ 26,454	\$ 629,591	\$ 215,203
Payroll taxes	55,143	2,539	2,539	60,221	19,480
Employee benefits	55,217	2,542	2,543	60,302	35,892
Total salaries and related expenses	687,043	31,535	31,536	750,114	270,575
Advertising	4,024	185	185	4,394	175
Bank charges		197		197	4
Classroom supplies	46,874			46,874	10,553
Consultants	93,855	12,340	18,791	124,986	140,615
Depreciation	23,926	1,102	1,101	26,129	9,540
Dues and membership		334		334	310
Equipment rental	7,173	330	330	7,833	5,393
Filing fees		777		777	175
In-kind	17,940			17,940	
Insurance	14,591	672	672	15,935	12,550
Interest expense					26
Miscellaneous	1,368	64	64	1,496	496
Occupancy	32,058	1,476	1,476	35,010	18,840
Office expense	19,268	887	887	21,042	2,421
Office supplies	6,569	302	302	7,173	5,866
Payroll processing		3,291		3,291	1,953
Postage and delivery	827	38	38	903	779
Professional development	9,389	432	432	10,253	185
Professional fees		17,445		17,445	5,000
Repairs and maintenance	26,455	1,218	1,218	28,891	1,486
Telephone	6,120	282	282	6,684	6,834
Travel	7,754	225	225	8,204	3,359
Website expense		258		258	59
Total expenses	<u>\$ 1,005,234</u>	<u>\$ 73,390</u>	<u>\$ 57,539</u>	<u>\$ 1,136,163</u>	<u>\$ 497,194</u>

See accompanying notes and Independent Auditors' Report.

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

STATEMENT OF CASH FLOWS  
FOR YEAR ENDED JUNE 30, 2009  
(With Comparative Totals for 2008)

	<u>2009</u>	<u>2008</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Change in net assets	\$ 322,181	\$ 223,201
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	26,129	9,540
(Increase) decrease in:		
Prepaid expenses		1,550
Accounts receivable	(13,235)	(19,200)
Increase (decrease) in:		
Accounts payable	(1,978)	6,127
Pension payable		(450)
Accrued expenses	(1,565)	1,821
Accrued payroll	45,947	12,294
Deferred revenue	<u>(5,838)</u>	<u>(26,190)</u>
<b><u>Net Cash Provided by Operating Activities</u></b>	<u>371,641</u>	<u>208,693</u>
<b><u>Cash Flows From Investing Activities</u></b>		
Purchase of fixed assets	(72,197)	(138,453)
Purchase of investments	<u>(204,436)</u>	<u>          </u>
<b><u>Net Cash (Used) by Investing Activities</u></b>	<u>(276,633)</u>	<u>(138,453)</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>	95,008	70,240
<b><u>Cash and Cash Equivalents- Beginning of Year</u></b>	<u>125,763</u>	<u>55,523</u>
<b><u>Cash and Cash Equivalents - End of Year</u></b>	<u>\$ 220,771</u>	<u>\$ 125,763</u>
<b><u>Supplemental Information</u></b>		
Interest paid	<u>\$          0</u>	<u>\$          26</u>

See accompanying notes and Independent Auditors' Report.

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

**Note 1. Organization**

Boston Education, Skills & Training (BEST) Corp. Local 26 Hotel Training Center is an independent non-profit organization focusing on the workforce development needs of the hospitality industry. Our mission is to provide individuals with the education, skills and training to excel in the hospitality industry and in their personal lives.

**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

Financial statement presentation follows the requirements 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. 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 2009 and accordingly, these financials do not reflect any activity related to this class of net assets for 2009.

c. 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.

d. Depreciation

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



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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

(Continued)

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

- e. 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.
- f. 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.
- g. 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.
- 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. 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.
- j. 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, 2008, from which the summarized information was derived.

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

(Continued)

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

k. **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. For the year ended June 30, 2009 Boston Education, Skills & Training Corp. received the services of volunteers for their programs. During 2009 donated services valued approximately \$17,940 were received and were recognized in the financial statements. These amounts consist primarily of volunteer trainers for the program.

**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).

**Note 4. Lease Commitments**

Boston Education Skills & Training Corp. currently leases office space as a tenant-at-will. Monthly payments of \$4,265, which includes the cost of utilities, are required. Rent expense totaled \$35,010 for the fiscal year ended June 30, 2009.

The Organization also leases equipment. Monthly payments of \$287 are required. Equipment rental expense totaled \$7,833 for the fiscal year ended June 30, 2009. Future minimum payments are as follows:

2010	\$ 1,722
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**Note 5. Qualified Deferred Compensation Plan**

The Organization sponsors a qualified, trustee defined pension plan. The Organization is required to contribute \$10,000 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.

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

(Continued)

**Note 6. Significant Concentration**

The Organization operates its program under a contract with The Greater Hotel Employees/Local 26 Trust Funds. Substantially all of the Organization's revenue is earned from providing its program in Boston, Massachusetts. During 2009, the Agency derived 69% of its total revenue from The Greater Boston Hotel Employees/Local 26 Trust Funds.

**Note 7. Related Party Transactions**

An immediate family member of the Executive Director is employed as a career counselor.

**Note 8. Concentration of Credit Risk**

The Organization maintains its cash balance in two financial institutions. The balance is insured by Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2009, the Organization's uninsured cash balance totaled \$106,185.

Credit risk with respect to receivables is considered low as the entire balance was received prior to the report date.

**Note 9. Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of unconditional contributions which are restricted by the donor for operational reserve fund. A contribution of \$200,000 was given to the Organization by the Greater Boston Hotel Employee/Local 26 Trust Fund. The Organization would only be able to use the fund if they experience a gap or delay in funding by its sources including grants and reimbursements.

**Note 10. Investments**

The Organization has investment funds designated for long-term use in a money market account at one financial institution. The investments are monitored by the Board of Directors and expected to be reinvested and would only be able to use the funds if they experience a gap or delay in funding funds are fully insured by the FDIC. Investments are carried at the quoted market value as summarized below:

	2009	
	Cost	Fair Market Value
Money market interest at 1.28%	\$ 204,436	\$ 204,436

August 18, 2009

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

331 PAGE STREET  
STOUGHTON, MA 02072  
TELEPHONE (781) 344-0850  
FAX (781) 344-6960

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 the financial statements of Boston Education, Skills & Training Corp. as of and for the year ended June 30, 2009, and have issued our report thereon dated August 18, 2009. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Boston Education, Skills & Training Corp.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boston Education, Skills & Training Corp.'s financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, board of directors and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



SANDBERG, GONZALEZ & CREEDEN, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
August 18, 2009