

BOSTON EDUCATION, SKILLS & TRAINING CORP.

**Financial Statements
June 30, 2010
(With Comparative Totals for 2009)**

BOSTON EDUCATION, SKILLS & TRAINING CORP.

**FINANCIAL STATEMENTS
JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)**

Table of Contents

| | <u>PAGE</u> |
|--|-------------|
| Independent Auditors' Report on Financial Statements | 1 |
| <u>Financial Statements</u> | |
| Statement of Financial Position | 2 |
| Statement of Activities | 3 |
| Statement of Functional Expenses | 4 |
| Statement of Cash Flows | 5 |
| Notes to Financial Statements | 6-9 |
| <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 | 10-11 |

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

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, 2010, 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, 2010, 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 2, 2010, 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 2, 2010

BOSTON EDUCATION, SKILLS & TRAINING CORP.

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

ASSETS

| | <u>2010</u> | <u>2009</u> |
|--------------------------------|-------------------|-------------------|
| <u>Current Assets</u> | | |
| Cash | \$ 211,409 | \$ 220,771 |
| Accounts receivable | <u>85,901</u> | <u>32,435</u> |
| Total current assets | <u>297,310</u> | <u>253,206</u> |
| <u>Fixed Assets</u> | | |
| Leasehold improvements | 135,733 | 135,733 |
| Equipment | 24,006 | 24,006 |
| Furniture and fixtures | <u>90,365</u> | <u>83,880</u> |
| Subtotal | 250,104 | 243,619 |
| Less: accumulated depreciation | <u>74,284</u> | <u>44,914</u> |
| Total fixed assets | <u>175,820</u> | <u>198,705</u> |
| <u>Other Assets</u> | | |
| Investments | <u>205,838</u> | <u>204,436</u> |
| <u>Total Assets</u> | <u>\$ 678,968</u> | <u>\$ 656,347</u> |

LIABILITIES AND NET ASSETS

| | | |
|--|-------------------|-------------------|
| <u>Current Liabilities</u> | | |
| Accounts payable | \$ 12,515 | \$ 7,877 |
| Pension payable | 300 | 300 |
| Accrued expenses | 3,467 | 3,756 |
| Accrued payroll and other payroll payables | 42,944 | 58,241 |
| Deferred service fees | <u>6,528</u> | <u>19,872</u> |
| Total current liabilities | 65,754 | 90,046 |
| <u>Net Assets</u> | | |
| Unrestricted | 413,214 | 366,301 |
| Temporarily restricted | <u>200,000</u> | <u>200,000</u> |
| Total net assets | <u>613,214</u> | <u>566,301</u> |
| <u>Total Liabilities and Net Assets</u> | <u>\$ 678,968</u> | <u>\$ 656,347</u> |

See accompanying notes and Independent Auditors' Report.

BOSTON EDUCATION, SKILLS & TRAINING CORP.

STATEMENT OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

| | 2010 | | | 2009 |
|--|-------------------|---------------------------|-------------------|-------------------|
| | Unrestricted | Temporarily Restricted | Total | Total |
| <u>Revenue</u> | | | | |
| Contributions | \$ 1,260 | \$ 30,000 | \$ 31,260 | \$ 242,510 |
| In-kind | 31,164 | | 31,164 | 17,940 |
| Released from restriction | 30,000 | (30,000) | | |
| Service fees | 1,259,290 | | 1,259,290 | 1,192,955 |
| Interest income | <u>1,825</u> | | <u>1,825</u> | <u>4,939</u> |
| Total revenue | 1,323,539 | | 1,323,539 | 1,458,344 |
| <u>Expenses</u> | | | | |
| Program services | 1,040,788 | | 1,040,788 | 1,005,234 |
| General and administrative | 193,903 | | 193,903 | 73,390 |
| Fundraising | <u>41,935</u> | | <u>41,935</u> | <u>57,539</u> |
| <u>Total Expenses</u> | <u>1,276,626</u> | | <u>1,276,626</u> | <u>1,136,163</u> |
| <u>Change in Net Assets</u> | 46,913 | | 46,913 | 322,181 |
| <u>Net Assets - Beginning of Year</u> | <u>366,301</u> | <u>200,000</u> | <u>566,301</u> | <u>244,120</u> |
| <u>Net Assets - End of Year</u> | <u>\$ 413,214</u> | <u>\$ 200,000</u> | <u>\$ 613,214</u> | <u>\$ 566,301</u> |

See accompanying notes and Independent Auditors' Report.

BOSTON EDUCATION, SKILLS TRAINING CORP.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

| | 2010 | | | 2009 |
|-------------------------------------|---------------------|----------------------------|------------------|---------------------|
| | Program Services | General and Administrative | Fundraising | Total |
| Salaries | \$ 566,542 | \$ 111,966 | \$ 18,808 | \$ 697,316 |
| Payroll taxes | 58,030 | 11,468 | 1,926 | 71,424 |
| Employee benefits | 95,138 | 23,209 | 5,059 | 123,406 |
| Total salaries and related expenses | 719,710 | 146,643 | 25,793 | 892,146 |
| Advertising | | | 2,114 | 2,114 |
| Bank charges | | 135 | | 135 |
| Classroom supplies | 59,798 | | | 59,798 |
| Consultants | 93,208 | 5,125 | 9,483 | 107,816 |
| Depreciation | 23,862 | 4,716 | 792 | 29,370 |
| Dues and membership | | 820 | | 820 |
| Equipment rental | 5,189 | 1,026 | 172 | 6,387 |
| Filing fees | | 265 | | 265 |
| In-kind | 31,164 | | | 31,164 |
| Insurance | 11,757 | 2,324 | 391 | 14,472 |
| Miscellaneous | 2,973 | 587 | 100 | 3,660 |
| Occupancy | 41,582 | 8,218 | 1,380 | 51,180 |
| Office expense | 1,987 | 393 | 66 | 2,446 |
| Office supplies | 9,199 | 1,817 | 306 | 11,322 |
| Payroll processing | | 3,994 | | 3,994 |
| Postage and delivery | 986 | 195 | 33 | 1,214 |
| Professional development | 12,757 | 2,521 | 423 | 15,701 |
| Professional fees | | 5,291 | | 5,291 |
| Repairs and maintenance | 15,803 | 3,123 | 524 | 19,450 |
| Telephone | 6,282 | 1,242 | 208 | 7,732 |
| Travel | 4,531 | 895 | 150 | 5,576 |
| Website expense | | 4,573 | | 4,573 |
| Total expenses | <u>\$ 1,040,788</u> | <u>\$ 193,903</u> | <u>\$ 41,935</u> | <u>\$ 1,276,626</u> |
| | | | | <u>\$ 1,136,163</u> |

See accompanying notes and Independent Auditors' Report.

BOSTON EDUCATION, SKILLS & TRAINING CORP.

STATEMENT OF CASH FLOWS
FOR YEAR ENDED JUNE 30, 2010
(With Comparative Totals for 2009)

| | <u>2010</u> | <u>2009</u> |
|--|-------------------|-------------------|
| <u>Cash Flows From Operating Activities</u> | | |
| Change in net assets | \$ 46,913 | \$ 322,181 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 29,370 | 26,129 |
| (Increase) decrease in: | | |
| Prepaid expenses | | |
| Accounts receivable | (53,466) | (13,235) |
| Increase (decrease) in: | | |
| Accounts payable | 4,638 | (1,978) |
| Accrued expenses | (289) | (1,565) |
| Accrued payroll | (15,297) | 45,947 |
| Deferred revenue | <u>(13,344)</u> | <u>(5,838)</u> |
| <u>Net Cash Provided (Used) by Operating Activities</u> | <u>(1,475)</u> | <u>371,641</u> |
| <u>Cash Flows From Investing Activities</u> | | |
| Purchase of fixed assets | (6,485) | (72,197) |
| Purchase of investments | <u>(1,402)</u> | <u>(204,436)</u> |
| <u>Net Cash (Used) by Investing Activities</u> | <u>(7,887)</u> | <u>(276,633)</u> |
| <u>Net Cash Provided by Financing Activities</u> | <u>0</u> | <u>0</u> |
| <u>Increase in Cash and Cash Equivalents</u> | (9,362) | 95,008 |
| <u>Cash and Cash Equivalents- Beginning of Year</u> | <u>220,771</u> | <u>125,763</u> |
| <u>Cash and Cash Equivalents - End of Year</u> | <u>\$ 211,409</u> | <u>\$ 220,771</u> |
| <u>Supplemental Information</u> | | |
| 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, 2010

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 2010 and accordingly, these financials do not reflect any activity related to this class of net assets for 2010.

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, 2010

(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, 2009, from which the summarized information was derived.

BOSTON EDUCATION, SKILLS & TRAINING CORP.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

(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, 2010 Boston Education, Skills & Training Corp. received the services of volunteers for their programs. During 2010 donated services valued approximately 31,164 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).

Unrelated business income, of which the Organization had none for the year ending June 30, 2010, would be subject to Federal and State taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

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 \$51,180 for the fiscal year ended June 30, 2010.

The Organization also leases equipment. Monthly payments of \$287 are required. Equipment rental expense totaled \$6,387 for the fiscal year ended June 30, 2009.

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, 2010

(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 2010, the Agency derived 57% 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. At June 30, 2010, the Organization's cash balance were fully insured.

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 (all level 1 measurement) as summarized below:

| | <u>2010</u> | |
|-----------------------------------|-------------------|------------------------------|
| | <u>Cost</u> | <u>Fair Market Value</u> |
| Money market interest at 1.28% | <u>\$ 205,838</u> | <u>\$ 205,838</u> |

August 2, 2010

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

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

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 and Training Corp., as of and for the year ended June 30, 2010, and have issued our report thereon dated August 2, 2010. 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 and Training Corp.'s internal control over financial reporting as a basis for designing our auditing procedures 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 and Training Corp.'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.

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 Boston Education, Skills and Training Corp.'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 Boston Education, Skills and Training Corp.'s financial statements that is more than inconsequential will not be prevented or detected by Boston Education, Skills and Training Corp.'s internal control.

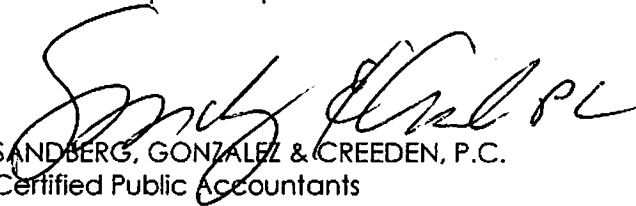
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Boston Education, Skills and Training Corp.'s internal control.

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boston Education, Skills and 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 the federal awarding agency 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 2, 2010