

BOSTON EDUCATION, SKILLS & TRAINING CORP.

**Financial Statements
June 30, 2008
(With Comparative Totals for 2007)**

BOSTON EDUCATION, SKILLS & TRAINING CORP.

FINANCIAL STATEMENTS
JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

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S,G&C

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

Independent Auditors' Report

We have audited the accompanying statement of financial position of Boston Education, Skills & Training Corp. as of June 30, 2008, and the related statement 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. 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, 2008, 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.

The 2007 financial statements were reviewed by us, and our report thereon, dated February 15, 2008, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with generally accepted accounting principles. However, a review is substantially less in scope than an audit and does not provide a basis for expression of an opinion on the financial statement taken as a whole.

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

Stoughton, Massachusetts
September 22, 2008

BOSTON EDUCATION, SKILLS & TRAINING CORP.

STATEMENT OF FINANCIAL POSITION
 JUNE 30, 2008
 (WITH COMPARATIVE TOTALS FOR 2007)

ASSETS

	<u>2008</u>	<u>2007</u>
<u>Current Assets</u>		
Cash		
Accounts receivable	\$ 125,763	\$ 55,523
Prepaid expenses	19,200	
Total current assets	<u>144,963</u>	<u>1,550</u>
<u>Fixed Assets</u>		
Leasehold improvements	103,306	4,125
Equipment	49,501	19,073
Furniture and fixtures	<u>18,615</u>	<u>9,771</u>
Subtotal	171,422	32,969
Less: accumulated depreciation	<u>18,785</u>	<u>9,245</u>
Total fixed assets	<u>152,637</u>	<u>23,724</u>
<u>Total Assets</u>	<u>\$ 297,600</u>	<u>\$ 80,797</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts payable	\$ 9,855	\$ 3,728
Pension payable	300	750
Accrued expenses	5,321	3,500
Accrued payroll and other payroll payables	12,294	
Deferred service fees	<u>25,710</u>	<u>51,900</u>
Total current liabilities	53,480	59,878
<u>Net Assets</u>		
Unrestricted	<u>244,120</u>	<u>20,919</u>
Total net assets	<u>244,120</u>	<u>20,919</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 297,600</u>	<u>\$ 80,797</u>

See accompanying notes and Independent Auditors' Report.

BOSTON EDUCATION, SKILLS & TRAINING CORP.

STATEMENT OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>2008</u>	<u>2007</u>
<u>Revenue</u>		
Service fees	\$ 720,390	\$ 250,000
Interest income	5	98
Miscellaneous		<u>1,886</u>
Total revenue	<u>720,395</u>	<u>251,984</u>
<u>Expenses</u>		
Program services	326,333	248,776
General and administrative	117,226	16,834
Fundraising	<u>53,635</u>	<u>14,370</u>
<u>Total Expenses</u>	<u>497,194</u>	<u>279,980</u>
<u>Change in Net Assets</u>	223,201	(27,996)
<u>Net Assets - Beginning of Year</u>	<u>20,919</u>	<u>48,915</u>
<u>Net Assets - End of Year</u>	<u>\$ 244,120</u>	<u>\$ 20,919</u>

See accompanying notes and Independent Auditors' Report.

BOSTON EDUCATION, SKILLS TRAINING CORP.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	2008			2007	
	Program Services	General and Administrative	Fundraising	Total	Total
Salaries	\$ 134,722	\$ 60,361	\$ 20,120	\$ 215,203	\$ 124,058
Payroll taxes	12,195	5,464	1,821	19,480	10,771
Employee benefits	22,469	10,067	3,356	35,892	25,536
Total salaries and related expenses	169,386	75,892	25,297	270,575	160,365
Advertising	175			175	185
Bank charges		4		4	378
Classroom supplies	10,553			10,553	17,293
Consultants	102,424	15,810	22,381	140,615	51,774
Depreciation	5,972	2,676	892	9,540	4,956
Dues and membership	310			310	210
Equipment rental	3,376	1,513	504	5,393	2,585
Filing fees		175		175	15
Insurance	7,856	3,520	1,174	12,550	2,636
Interest expense		26		26	
Miscellaneous		496		496	943
Occupancy	11,794	5,284	1,762	18,840	11,042
Office expense	1,516	679	226	2,421	1,473
Office supplies	3,672	1,646	548	5,866	4,648
Payroll processing		1,953		1,953	1,564
Postage and delivery	488	218	73	779	461
Professional development	185			185	80
Professional fees		5,000		5,000	4,074
Repairs and maintenance	930	417	139	1,486	7,893
Telephone	4,278	1,917	639	6,834	4,844
Travel	3,359			3,359	861
Website expense	59			59	1,700
Total expenses	<u>\$ 326,333</u>	<u>\$ 117,226</u>	<u>\$ 53,635</u>	<u>\$ 497,194</u>	<u>\$ 279,980</u>

See accompanying notes and Independent Auditors' Report.

BOSTON EDUCATION, SKILLS & TRAINING CORP.

STATEMENT OF CASH FLOWS
FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>	<u>2007</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 223,201	\$ (27,996)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,540	4,956
(Increase) decrease in:		
Prepaid expenses	1,550	(1,550)
Increase (decrease) in:		
Accounts receivable	(19,200)	
Accounts payable	6,127	2,092
Pension payable	(450)	750
Accrued expenses	1,821	3,250
Accrued payroll	12,294	(950)
Deferred revenue	(26,190)	51,900
	<u>208,693</u>	<u>32,452</u>
<u>Net Cash Provided by Operating Activities</u>		
<u>Cash Flows From Investing Activities</u>		
Purchase of fixed assets	<u>(138,453)</u>	<u>(23,879)</u>
<u>Net Cash (Used) by Investing Activities</u>	<u>(138,453)</u>	<u>(23,879)</u>
<u>Cash Flows From Financing Activities</u>		
Matured certificate of deposit	<u>0</u>	<u>10,368</u>
<u>Net Cash Provided by Financing Activities</u>	<u>0</u>	<u>10,368</u>
<u>Increase In Cash and Cash Equivalents</u>	70,240	18,941
<u>Cash and Cash Equivalents- Beginning of Year</u>	<u>55,523</u>	<u>36,582</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u>\$ 125,763</u>	<u>\$ 55,523</u>
<u>Supplemental Information</u>		
Interest paid	<u>\$ 26</u>	<u>\$ 26</u>

See accompanying notes and Independent Auditors' Report.

BOSTON EDUCATION, SKILLS & TRAINING CORP.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 1. Organization

Boston Education, Skills & Training Corp. is a Massachusetts not-for-profit corporation committed to providing education skills, and training to unemployed and under-employed persons within the travel, hospitality, textile, food and institutional services industries.

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. No temporarily restricted assets were received or held during 2007 and accordingly, these financials do not reflect any activity related to this class of net assets for 2007.
 - 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 2008 and accordingly, these financials do not reflect any activity related to this class of net assets for 2008.
- 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, 2008

(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. There was no temporarily restricted or permanently restricted support noted in 2008.
- 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, 2007, from which the summarized information was derived.