



Independent Auditor's Report

To the Board of Directors
Boston Employment Service, Inc.
Dorchester, Massachusetts

We have audited the accompanying statements of financial position of Boston Employment Service, Inc. as of December 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years 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 audits.

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 Employment Service, Inc. as of December 31, 2011 and 2010, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

A handwritten signature in cursive script that reads "Raphael and Raphael LLP".

Raphael and Raphael LLP
Certified Public Accountants

Boston, Massachusetts
August 15, 2012

BOSTON EMPLOYMENT SERVICE, INC.

Statements of Financial Position
December 31, 2011 and 2010

	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 317,489	\$ 572,093
Pledges Receivable, Net	201,842	26,625
Receivable - Payroll Advance	800	-
Prepaid Expenses	7,351	4,026
Security Deposit	2,375	2,375
TOTAL CURRENT ASSETS	<u>529,857</u>	<u>605,119</u>
PROPERTY AND EQUIPMENT:		
Furniture and Equipment	101,227	86,375
Leasehold Improvements	481,226	468,296
Total	<u>582,453</u>	<u>554,671</u>
Less - Accumulated Depreciation	535,493	515,918
TOTAL PROPERTY AND EQUIPMENT	<u>46,960</u>	<u>38,753</u>
OTHER ASSETS:		
Intangible Assets, Net	<u>3,240</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 580,057</u>	<u>\$ 643,872</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ 21,969	\$ 174
Accrued Payroll Taxes	486	1,077
Accrued Expenses	30,492	25,853
Deferred Revenue	41,250	-
TOTAL CURRENT LIABILITIES	<u>94,197</u>	<u>27,104</u>
NET ASSETS:		
Unrestricted	432,722	591,768
Temporarily Restricted	53,138	25,000
TOTAL NET ASSETS	<u>485,860</u>	<u>616,768</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 580,057</u>	<u>\$ 643,872</u>

The accompanying notes are an integral part of the financial statements.

BOSTON EMPLOYMENT SERVICE, INC.

Statement of Activities
For The Year Ended December 31, 2011

	2011	2011	2011
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Combined</u>
REVENUES:			
Contributions	\$ 703,776	\$ 53,138	\$ 756,914
Program	1,057	-	1,057
Investment Income	33	-	33
Net Assets Released from Restrictions	25,000	(25,000)	-
TOTAL REVENUES	<u>729,866</u>	<u>28,138</u>	<u>758,004</u>
EXPENSES:			
Program Services	556,047	-	556,047
Management and General	263,811	-	263,811
Fundraising	69,054	-	69,054
TOTAL EXPENSES	<u>888,912</u>	<u>-</u>	<u>888,912</u>
INCREASE (DECREASE) IN NET ASSETS	(159,046)	28,138	(130,908)
NET ASSETS AT BEGINNING OF YEAR	<u>591,768</u>	<u>25,000</u>	<u>616,768</u>
NET ASSETS AT END OF YEAR	<u>\$ 432,722</u>	<u>\$ 53,138</u>	<u>\$ 485,860</u>

The accompanying notes are an integral part of the financial statements.

BOSTON EMPLOYMENT SERVICE, INC.

Statement of Activities
For The Year Ended December 31, 2010

	2010	2010	2010
	Unrestricted	Temporarily Restricted	Combined
REVENUES:			
Contributions	\$ 933,377	\$ 25,000	\$ 958,377
Program	1,385	-	1,385
Investment Income	84	-	84
Net Assets Released from Restrictions	54,501	(54,501)	-
TOTAL REVENUES	<u>989,347</u>	<u>(29,501)</u>	<u>959,846</u>
EXPENSES:			
Program Services	432,640	-	432,640
Management and General	178,871	-	178,871
Fundraising	52,111	-	52,111
TOTAL EXPENSES	<u>663,622</u>	<u>-</u>	<u>663,622</u>
INCREASE (DECREASE) IN NET ASSETS	325,725	(29,501)	296,224
NET ASSETS AT BEGINNING OF YEAR	<u>266,043</u>	<u>54,501</u>	<u>320,544</u>
NET ASSETS AT END OF YEAR	<u>\$ 591,768</u>	<u>\$ 25,000</u>	<u>\$ 616,768</u>

The accompanying notes are an integral part of the financial statements.

BOSTON EMPLOYMENT SERVICE, INC.

Statement of Functional Expenses
For The Year Ended December 31, 2011

	<u>Total</u> <u>Expenses</u>	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>
Payroll	\$ 474,310	\$ 284,586	\$ 142,293	\$ 47,431
Payroll Taxes and Benefits	111,083	66,650	33,325	11,108
Professional Fees	54,446	-	54,446	-
Depreciation and Amortization	19,575	19,575	-	-
Advertising	162	162	-	-
General and Administrative	61,000	33,929	16,556	10,515
Insurance	20,000	16,000	4,000	-
Rent and Office Charges	51,954	46,759	5,195	-
Repairs, Maintenance and Utilities	79,962	71,966	7,996	-
Client Expense and Training	16,420	16,420	-	-
TOTAL EXPENSES	<u>\$ 888,912</u>	<u>\$ 556,047</u>	<u>\$ 263,811</u>	<u>\$ 69,054</u>

The accompanying notes are an integral part of the financial statements.

BOSTON EMPLOYMENT SERVICE, INC.

Statement of Functional Expenses
For The Year Ended December 31, 2010

	<u>Total</u> <u>Expenses</u>	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>
Payroll	\$ 330,454	\$ 198,273	\$ 99,136	\$ 33,045
Payroll Taxes and Benefits	85,511	51,307	25,653	8,551
Professional Fees	27,960	-	27,960	-
Depreciation and Amortization	24,730	24,730	-	-
Advertising	2,820	2,820	-	-
General and Administrative	49,999	27,835	11,649	10,515
Insurance	24,439	19,551	4,888	-
Rent and Office Charges	52,362	47,126	5,236	-
Repairs, Maintenance and Utilities	43,493	39,144	4,349	-
Client Expense and Training	21,854	21,854	-	-
TOTAL EXPENSES	<u>\$ 663,622</u>	<u>\$ 432,640</u>	<u>\$ 178,871</u>	<u>\$ 52,111</u>

The accompanying notes are an integral part of the financial statements.

BOSTON EMPLOYMENT SERVICE, INC.

Statements of Cash Flows
For The Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	\$ (130,908)	\$ 296,223
Adjustments to Reconcile Increase (Decrease) in Net Assets from Operations to Net Cash Used in Operating Activities:		
Depreciation and Amortization	19,575	24,730
(Increase) Decrease In:		
Pledges Receivable, Net	(175,217)	27,876
Receivable - Payroll Advance	(800)	-
Prepaid Expenses	(3,325)	1,056
Increase (Decrease) In:		
Accounts Payable	21,795	(887)
Accrued Expenses	4,048	17,337
Deferred Revenue	41,250	-
Total Adjustments	<u>(92,674)</u>	<u>70,112</u>
Net Cash Provided in Operating Activities	<u>(223,582)</u>	<u>366,335</u>
 Cash Flows from Investing Activities		
Capital expenditures	(27,782)	(2,506)
Purchase of Intangible Asset	(3,240)	-
Net Cash Used in Investing Activities	<u>(31,022)</u>	<u>(2,506)</u>
 Net Increase in Cash and Cash Equivalents	(254,604)	363,829
 Cash and Cash Equivalents at Beginning of Year	<u>572,093</u>	<u>208,264</u>
 Cash and Cash Equivalents at End of Year	<u>\$ 317,489</u>	<u>\$ 572,093</u>

Non-Cash Activity:

The Organization received pro bono legal services during 2011 and 2010 in the amount of \$17,014 and \$17,440, respectively.

The accompanying notes are an integral part of the financial statements.

BOSTON EMPLOYMENT SERVICE, INC.

Notes to Financial Statements
December 31, 2011 and 2010

Note 1 - ORGANIZATION AND PURPOSE:

Boston Employment Service, Inc. (the Organization), d/b/a STRIVE, was incorporated in December 1993 as a not-for-profit corporation under Chapter 180 of the general laws of the Commonwealth of Massachusetts to operate a job training and placement service for chronically unemployed men and women in the Greater Boston metropolitan area. It opened its first training center in Dorchester, Massachusetts in September 1994.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation - Financial statement presentation follows the recommendations 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. The Organization has no permanently restricted net assets.

Accrual Basis - The financial statements of the Organization have been prepared on the accrual basis, under which revenue is recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents - For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Property and Equipment - Property and equipment are stated at cost. Replacement and betterments are capitalized. Depreciation is computed using the straight line and declining balance methods over the estimated useful life of the assets. In addition, donated materials and services related to the addition of property and equipment are recorded at the fair market value as of the date of the donation.

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.

Revenue Recognition - Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or grantor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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.

BOSTON EMPLOYMENT SERVICE, INC.

Notes to Financial Statements
December 31, 2011 and 2010

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

Use of Restricted Support - Restricted support is considered to be spent first when both restricted and unrestricted sources of support are used in a particular program.

Income Taxes - No provision is made for income taxes as the Organization is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3). The organization's tax returns generally remain subject to examination for three years after filing.

Expense Allocation - The costs of providing programs and supporting services have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the current status of individual accounts, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Compensated Absences - Employees of the Organization are entitled to paid vacation, paid sick days and personal days depending on job classification, length of service and other factors. It is impractical to estimate the total amount of compensation for future absences. Accordingly the Organization does not recognize the costs of compensated absences until actually paid to employees.

Donated Services - The Organization receives services donated by its ten members of the Advisory Board and ten members of the Board of Directors (the "working board"). A member of the Board of Directors provides pro bono legal services to the Organization personally and arranges for the provision of additional pro bono legal services from the law firm in which the member is employed. Legal services are recognized as revenue and as an expense. The total value of these services in 2011 and 2010 were \$17,014 and \$17,440, respectively.

Intangible Assets - The cost of certain intangible assets was amortized on a straight-line method over the estimated useful lives of the assets.

Advertising - All advertising and promotional costs are expensed as incurred. As of December 31, 2011 and 2010, advertising and promotional costs totaled \$162 and \$2,280, respectively.

BOSTON EMPLOYMENT SERVICE, INC.

Notes to Financial Statements
December 31, 2011 and 2010

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

Subsequent Events - Subsequent events are events or transactions that occur after the balance sheet date but that could affect the amounts or disclosures in the financial statements. Management has evaluated subsequent events through the date that the financial statements are available to be issued, which is the date noted at the bottom of the auditor's report.

Note 3 - COMMITMENTS:

651 Washington Street - The Organization is obligated for an operating lease of its office premises through September 30, 2013. The lessee has three one-year options to extend the lease, with terms to be renegotiated at the time the extension is pursued. In addition to annual base rent of \$48,300 there is a provision for the Organization's pro-rata share of operating expenses and real estate taxes.

Ruggles "T" Station - The Organization is obligated for an operating lease of its satellite office through December 31, 2013. In addition to annual base rent of \$3,750 there is a provision for the Organization's pro-rata share of operating expenses.

Rent expense for facilities totaled \$ 51,955 and \$52,362 for 2011 and 2010, respectively.

Other Operating Leases - The Organization leases various office equipment items under standard operating leases with unexpired terms between 1 and 4 years. The rental expense for these leases amounted to approximately \$3,500 in 2011 and \$3,700 in 2010.

Future minimum lease payments are:

2012	57,600
2013	37,800

Note 4 – CONCENTRATIONS:

The Organization maintains bank account balances which at times exceed federally insured amounts.

During 2011, approximately 2% of the Organization's grants and contributions were received from the Boston Foundation. The Organization also received approximately 8 % from the United Way and the largest 10 other contributors contributed 43% of the Organization's total contributions for the year.

During 2010, approximately 32% of the Organization's grants and contributions were received from the Boston Foundation. The Organization also received approximately 7% from the United Way and the largest 10 other contributors contributed 35% of the Organization's total contributions for the year.

During 2010 the Organization also received approximately 3% of its total revenue from public (State or City) sources.

BOSTON EMPLOYMENT SERVICE, INC.

Notes to Financial Statements
December 31, 2011 and 2010

Note 5 - INTANGIBLE ASSETS:

The Organization owns intangible assets in the form of software and licenses. The following is a summary of intangible assets subject to amortization as of December 31, 2011 and 2010:

	Gross Carrying Amount	Accumulated Amortization
2011	\$ 73,040	\$ 69,800
2010	\$ 69,800	\$ 69,800

There was no amortization expense for 2011 and 2010.

Amortization expense for the three years subsequent to 2011 is as follows:

2012	\$1,080
2013	1,080
2014	1,080

Note 6 – DEFINED CONTRIBUTION PLAN:

The Company has a salary deferral 401(k) Plan for employees meeting certain eligibility requirements. It may make discretionary contributions to this Plan. The Company made a contribution of \$7,545 to this Plan in 2010.

Note 7 – PLEDGES RECEIVABLE:

United Way awarded a \$175,451 grant to the Organization in May 2011. Funds are available to the Organization in monthly payments each fiscal year ending June 30. During the year ended December 31, 2011, United Way made 7 payments, totaling \$30,500, resulting in a grant receivable balance of \$144,951. Additionally, in 2010, the Gates/Nellie Mae made a \$136,262 multi-year pledge through August 2012. In 2011, the Gates/Nellie Mae made a \$50,368 contribution, resulting in a \$32,232 pledge receivable balance. Of the 2011 pledges receivable balance, a total of \$25,700 was collected in January 2012 from 4 parties not named above, and therefore have not been discounted.

BOSTON EMPLOYMENT SERVICE, INC.

Notes to Financial Statements
December 31, 2011 and 2010

Note 7 - PLEDGES RECEIVABLE-Continued

As of December 31, 2011, the Organization expects to receive pledges as follows:

	<u>Present Value of Pledges</u>	<u>Less Discount to Reflect at Present Value</u>	<u>Pledges Receivable, Net</u>
2012	\$ 117,407	\$ 329	\$ 117,078
2013	57,226	410	56,816
2014	28,251	303	27,948
Total	<u>\$ 202,884</u>	<u>\$ 1,042</u>	<u>\$ 201,842</u>