



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, 2010 and 2009, 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, 2010 and 2009, 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,

Raphael and Raphael LLP
Raphael and Raphael LLP
Certified Public Accountants

Boston, Massachusetts
July 26, 2011

BOSTON EMPLOYMENT SERVICE, INC.

Statements of Financial Position

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 572,093	\$ 208,264
Pledges Receivable, Net	26,625	54,501
Prepaid Expenses	4,026	5,081
Security Deposit	2,375	2,375
TOTAL CURRENT ASSETS	<u>605,119</u>	<u>270,221</u>
PROPERTY AND EQUIPMENT:		
Furniture and Equipment	86,375	83,869
Leasehold Improvements	468,296	468,296
Total	<u>554,671</u>	<u>552,165</u>
Less - Accumulated Depreciation	<u>515,918</u>	<u>491,188</u>
TOTAL PROPERTY AND EQUIPMENT	<u>38,753</u>	<u>60,977</u>
TOTAL ASSETS	<u>\$ 643,872</u>	<u>\$ 331,198</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ 174	\$ 1,061
Accrued Payroll Taxes	1,077	634
Accrued Expenses	25,853	8,959
TOTAL CURRENT LIABILITIES	<u>27,104</u>	<u>10,654</u>
NET ASSETS:		
Unrestricted	591,768	266,043
Temporarily Restricted	25,000	54,501
TOTAL NET ASSETS	<u>616,768</u>	<u>320,544</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 643,872</u>	<u>\$ 331,198</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 Activities
For The Year Ended December 31, 2009

	2009	2009	2009
	Unrestricted	Temporarily Restricted	Combined
REVENUES:			
Direct Public Support	\$ 566,616	\$ -	\$ 566,616
Program	9,496	-	9,496
Investment Income	2	-	2
Net Assets Released from Restrictions	108,675	(108,675)	-
TOTAL REVENUES	<u>684,789</u>	<u>(108,675)</u>	<u>576,114</u>
EXPENSES:			
Program Services	402,542	-	402,542
Management and General	146,561	-	146,561
Fundraising	41,589	-	41,589
TOTAL EXPENSES	<u>590,692</u>	<u>-</u>	<u>590,692</u>
INCREASE (DECREASE) IN NET ASSETS	94,097	(108,675)	(14,578)
NET ASSETS AT BEGINNING OF YEAR	<u>171,946</u>	<u>163,176</u>	<u>335,122</u>
NET ASSETS AT END OF YEAR	<u>\$ 266,043</u>	<u>\$ 54,501</u>	<u>\$ 320,544</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.

Statement of Functional Expenses
For The Year Ended December 31, 2009

	<u>Total</u> <u>Expenses</u>	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>
Payroll	\$ 241,167	\$ 144,700	\$ 72,350	\$ 24,117
Payroll Taxes and Benefits	40,323	24,194	12,097	4,032
Professional Fees	36,535	-	36,535	-
Depreciation and Amortization	32,499	32,499	-	-
Advertising	390	390	-	-
General and Administrative	44,113	20,341	10,332	13,440
Insurance	28,149	22,519	5,630	-
Rent and Office Charges	52,050	46,845	5,205	-
Repairs, Maintenance and Utilities	44,123	39,711	4,412	-
Client Expense and Training	71,343	71,343	-	-
TOTAL EXPENSES	<u>\$ 590,692</u>	<u>\$ 402,542</u>	<u>\$ 146,561</u>	<u>\$ 41,589</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	\$ 296,224	\$ (14,578)
Adjustments to Reconcile Increase (Decrease) in Net Assets from Operations to Net Cash Used in Operating Activities:		
Depreciation and Amortization	24,730	32,499
(Increase) Decrease In:		
Pledges Receivable, Net	27,876	108,675
Receivable - Payroll Advance	-	2,010
Prepaid Expenses	1,055	(5,079)
Increase (Decrease) In:		
Accounts Payable	(887)	(53,935)
Accrued Expenses	17,337	787
Total Adjustments	<u>70,111</u>	<u>84,957</u>
Net Cash Provided in Operating Activities	<u>366,335</u>	<u>70,379</u>
Cash Flows from Investing Activities		
Capital expenditures	<u>(2,506)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	363,829	70,379
Cash and Cash Equivalents at Beginning of Year	<u>208,264</u>	<u>137,885</u>
Cash and Cash Equivalents at End of Year	<u>\$ 572,093</u>	<u>\$ 208,264</u>

Non-Cash Activity:

The Organization received pro bono legal services during 2010 and 2009 in the amount of \$17,440 and \$25,362, respectively.

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

BOSTON EMPLOYMENT SERVICE, INC.

Notes to Financial Statements
December 31, 2010 and 2009

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 Accounting - Financial statement presentation follows the requirements of Not-For-Profit Organizations. Under these requirements, the Organization is required to report information regarding the financial position and activities according to three (3) classes of net assets: unrestricted, temporarily restricted and permanently restricted. Under these provisions, net assets and revenues, expense, gains and losses are classified based on the existence of or absence of donor-imposed restrictions.

Accordingly, net assets of the Organization are classified and reported as follows:

Unrestricted - Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted - Net assets subject to donor imposed stipulations that will be met either by actions of the Organization and/or the passage of time

Permanently Restricted - Net assets subject to donor imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of the assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Accrual Basis - The Organization follows the "accrual basis" in accounting for revenues and expenditures. This method recognizes revenues and expenditures when earned or due, rather than when received or paid.

Cash and Cash Equivalents - For the purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with a 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.

BOSTON EMPLOYMENT SERVICE, INC.

Notes to Financial Statements
December 31, 2010 and 2009

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

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.

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 2010 and 2009 were \$17,440 and \$25,362, respectively.

Donated Materials - Donations of materials are recognized as revenue, and expensed as either cost of goods or as the depreciation of an asset. The Organization received clothing donations in 2008; the total value was \$81,558. The Organization is committed to distribute 100% of clothing donations in performance of agency transactions for another not-for-profit organization. The clothing project was discontinued during 2009.

BOSTON EMPLOYMENT SERVICE, INC.

Notes to Financial Statements
December 31, 2010 and 2009

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

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, 2010 and 2009, advertising and promotional costs totaled \$2,820 and \$390, respectively.

Agency Transactions - In 2007, the Organization became an affiliate of Career Gear, Inc., a 501(c)(3) not-for-profit organization based in New York, NY, for which the Organization performs agency transactions. Career Gear, Inc. collects and distributes clothing for purposes of outfitting disadvantaged men for entry or re-entry into the workplace. Clothing was provided to program participants at no charge. The affiliation with Career Gear allows the Organization to enter into fee-for-service relationships with other not-for-profits, in which the Organization would provide clothing to other organizations at low cost. Donations received by the Organization must be distributed according to guidelines established in an affiliate agreement. Donations on hand at year-end are reported as an inventory asset and as a required-distribution liability. In 2008, the Organization received clothing donations with a value of \$81,558. The Organization discontinued the program during 2009.

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 \$52,362 and \$52,050 for 2010 and 2009, respectively.

BOSTON EMPLOYMENT SERVICE, INC.

Notes to Financial Statements
December 31, 2010 and 2009

Note 3 - COMMITMENTS - Continued:

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 \$3,700 in 2010 and \$4,000 in 2009.

Future minimum lease payments are:

2011	\$ 56,025
2012	57,600
2013	37,800

Note 4 – CONCENTRATIONS:

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

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 2009, approximately 12% of the Organization's grants and contributions were received from United Way and the largest 10 other contributors contributed 50% of the Organization's total contributions for the year.

During 2010 and 2009 the Organization also received approximately 3% and 5% of its total revenue from public (State or City) sources.

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, 2010 and 2009:

	Gross Carrying Amount	Accumulated Amortization
2010	\$ 69,800	\$ 69,800
2009	\$ 69,800	\$ 69,800

Amortization expense for 2010 and 2009 was \$-0- and \$7,755, respectfully.

BOSTON EMPLOYMENT SERVICE, INC.

Notes to Financial Statements
December 31, 2010 and 2009

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 \$7,545 contribution to the Plan for 2010. The Company made a contribution of \$4,270 to this Plan in 2009.