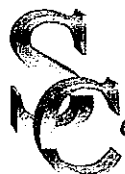


BOSTON EDUCATION, SKILLS & TRAINING CORP.

Financial Statements
June 30, 2014
(With Comparative Totals for 2013)



SANDBERG & CREEDEN, P.C.
Certified Public Accountants

331 Page Street
Stoughton, MA 02072

BOSTON EDUCATION, SKILLS & TRAINING CORP.

FINANCIAL STATEMENTS
JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

Table of Contents

	<u>PAGE</u>
Independent Auditors' Report	1-2
<u>Financial Statements</u>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11
<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	12-13



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

Independent Auditor's Report

Report on Financial Statements

We have audited the accompanying financial statements of Boston Education, Skills & Training Corp. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

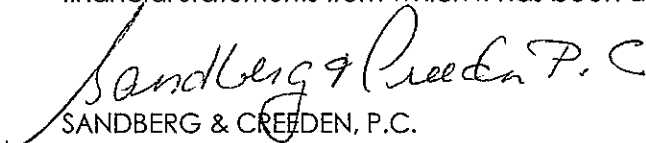
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boston Education, Skills & Training Corp. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 18, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Boston Education, Skills & Training Corp.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Boston Education, Skills & Training Corp.'s 2013 financial statements, and our report dated September 3, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.


SANDBERG & CREEDON, P.C.
Certified Public Accountants

Stoughton, Massachusetts
August 18, 2014



BOSTON EDUCATION, SKILLS & TRAINING CORP.

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 157,243	\$ 171,114
Accounts receivable	28,712	73,719
Prepaid expenses	<u>4,254</u>	<u>4,302</u>
Total current assets	190,209	249,135
<u>Fixed Assets</u>		
Leasehold improvements	166,904	162,927
Equipment	143,319	110,418
Furniture and fixtures	<u>58,421</u>	<u>53,609</u>
Subtotal	368,644	326,954
Less: accumulated depreciation	<u>201,423</u>	<u>171,045</u>
Total fixed assets	167,221	155,909
<u>Other Assets</u>		
Investments	<u>230,956</u>	<u>150,580</u>
Total investments	<u>230,956</u>	<u>150,580</u>
<u>Total Assets</u>	<u>\$ 588,386</u>	<u>\$ 555,624</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable and accrued expenses	\$ 17,583	\$ 16,121
Accrued payroll and other payroll payables	<u>35,817</u>	<u>31,771</u>
Total current liabilities	53,400	47,892
<u>Net Assets</u>		
Unrestricted	524,986	479,738
Temporarily restricted	<u>10,000</u>	<u>27,994</u>
Total net assets	<u>534,986</u>	<u>507,732</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 588,386</u>	<u>\$ 555,624</u>

See accompanying notes and Independent Auditors' Report.



BOSTON EDUCATION, SKILLS & TRAINING CORP.

STATEMENT OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
<u>Revenue</u>				
Contributions	\$ 48,400	\$ 10,000	\$ 58,400	\$ 85,994
Released from restriction	27,994	(27,994)		
Service fees	1,079,302		1,079,302	1,134,164
Interest income	<u>376</u>	<u> </u>	<u>376</u>	<u>434</u>
Total revenue	1,156,072	(17,994)	1,138,078	1,220,592
 <u>Expenses</u>				
Program services	856,619		856,619	918,587
General and administrative	214,082		214,082	219,379
Fundraising	<u>40,123</u>	<u> </u>	<u>40,123</u>	<u>42,369</u>
 <u>Total Expenses</u>	<u>1,110,824</u>	<u> </u>	<u>1,110,824</u>	<u>1,180,335</u>
 <u>Change in Net Assets</u>	45,248	(17,994)	27,254	40,257
 <u>Net Assets - Beginning of Year</u>	<u>479,738</u>	<u>27,994</u>	<u>507,732</u>	<u>467,475</u>
 <u>Net Assets - End of Year</u>	<u>\$ 524,986</u>	<u>\$ 10,000</u>	<u>\$ 534,986</u>	<u>\$ 507,732</u>

See accompanying notes and Independent Auditors' Report.





STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	2014			2013	
	Program Services	General and Administrative	Fundraising	Total	Total
Salaries	\$ 461,905	\$ 113,086	\$ 18,299	\$ 593,290	\$ 636,479
Payroll taxes	44,674	10,937	1,770	57,381	64,389
Employee benefits	104,513	31,986	6,962	143,461	140,918
Total salaries and related expenses	611,092	156,009	27,031	794,132	841,786
Advertising			4,202	4,202	2,084
Bank charges		55		55	27
Classroom supplies	37,236			37,236	35,110
Consultants	65,482	4,012	4,569	74,063	86,634
Depreciation	23,651	5,790	937	30,378	33,732
Dues and membership	500	1,581		2,081	3,003
Equipment rental	4,453	1,090	177	5,720	6,806
Filing fees		515		515	265
Insurance	10,994	2,721	185	13,900	13,412
Miscellaneous	2,149	373		2,522	841
Occupancy	54,129	13,252	2,144	69,525	69,045
Office expense	6,282	2,337		8,619	10,150
Office supplies	7,682	1,589	257	9,528	13,048
Payroll processing		7,484		7,484	17,649
Postage and delivery	925			925	736
Professional development	5,458	335		5,793	5,350
Professional fees		12,980		12,980	5,500
Repairs and maintenance	9,124	2,234	361	11,719	10,825
Telephone	6,554	1,604	260	8,418	10,073
Travel	10,908	121		11,029	14,259
Total expenses	\$ 856,619	\$ 214,082	\$ 40,123	\$ 1,110,824	\$ 1,180,335

See accompanying notes and Independent Auditors' Report.

BOSTON EDUCATION, SKILLS & TRAINING CORP.

STATEMENT OF CASH FLOWS
FOR YEAR ENDED JUNE 30, 2014
(With Comparative Totals for 2013)

	<u>2014</u>	<u>2013</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 27,254	\$ 40,257
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	30,378	33,732
(Increase) decrease in:		
Accounts receivable	45,007	3,607
Prepaid expenses	48	751
Increase (decrease) in:		
Accounts payable and accrued expenses	1,462	(6,578)
Accrued payroll and other payroll payables	<u>4,046</u>	<u>5,662</u>
<u>Net Cash Provided by Operating Activities</u>	<u>108,195</u>	<u>77,431</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of fixed assets	(41,690)	(27,469)
Purchase of investments	<u>(80,376)</u>	<u>(52,434)</u>
<u>Net Cash (Used) by Investing Activities</u>	<u>(122,066)</u>	<u>(79,903)</u>
<u>Net Cash Provided by Financing Activities</u>	<u>0</u>	<u>0</u>
<u>(Decrease) in Cash and Cash Equivalents</u>	(13,871)	(2,472)
<u>Cash and Cash Equivalents- Beginning of Year</u>	<u>171,114</u>	<u>173,586</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u>\$ 157,243</u>	<u>\$ 171,114</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, 2014

Note 1. Organization

Boston Education, Skills & Training (BEST) Corp. Local 26 Hotel Training Center is an independent non-profit organization, created in Massachusetts on April 6, 2004, focusing on the workforce development needs of the hospitality industry. The Organization's mission is to provide individuals with the education, skills and training to excel in the hospitality industry and in their personal lives. We provide English for Speakers of Other Language (ESOL) classes, skill training classes in hospitality related areas, adult basic education and individual career counseling and support services.

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

The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Accordingly, the Organization reports 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 2014 and accordingly, these financials do not reflect any activity related to this class of net assets for 2014.

c. 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.



BOSTON EDUCATION, SKILLS & TRAINING CORP.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

- d. 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.
- e. 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.
- f. Investments
Boston Education, Skills & Training Corp. follows FASB ASC 820, *Fair Value Measurements*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles ("GAAP"), and expands disclosures about fair value measurements. Under FASB ASC 820, fair value refers to the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, FASB ASC 820 establishes a fair value hierarchy that prioritizes the information used to develop these assumptions. Under FASB ASC 820, fair value measurements are separately disclosed by level within the fair value hierarchy.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I: Quoted prices are available in active markets for identical investments as of the reporting date.

Level II: Pricing inputs are other than quoted prices in active markets of comparable investments, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level III: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment.



BOSTON EDUCATION, SKILLS & TRAINING CORP.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

f. Investments (Continued)

Investments include listed money market, and whose fair value is therefore classified and disclosed as Level I. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

All Boston Education, Skills & Training Corp. investments include listed money market, and whose fair value is therefore classified and disclosed as Level I. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

g. 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.

h. Depreciation

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

i. 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.

j. 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 EDUCATION, SKILLS & TRAINING CORP.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

k. 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, 2013, from which the summarized information was derived.

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, 2014, would be subject to Federal and State taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

Accounting principles generally accepted in the United States of America require the Organization management to evaluate tax positions taken by the Organization and recognize a tax liability (or assets) if it has taken an uncertain position that more likely would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken and has conclude that as of June 30, 2013, 2012 and 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The tax returns are subject to routine audits by taxing jurisdictions, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for the years prior to 2010.

Note 4. Concentration of Credit Risk

The Organization maintains its cash and investment balances in two financial institutions. The balances are insured by Federal Deposit Insurance Corporation. At June 30, 2014, the balances on deposit were fully insured.

Credit risk with respect to receivables is considered low as the balance is made up of well-known organizations.

Note 5. Significant Concentration

The Organization operates a majority of its programs under a contract with the Greater Boston Hotel Employees/Local 26 Trust Funds. During 2014 these Trusts provided the Organization with 75% of its total revenue. The Organization services both the incumbent members of that Local Union, as well as potential employees for the Hospitality Industry.



BOSTON EDUCATION, SKILLS & TRAINING CORP.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(Continued)

Note 6. Investments

The Organization maintains its investment account at a local financial institution. The investment consists of money funds at \$1 par value (cost equals market value) as follows:

	<u>2014</u>	<u>2013</u>
Money Funds @ \$1 par	<u>\$ 230,956</u>	<u>\$ 150,580</u>

Investment income consists of the following:

	<u>2014</u>	<u>2013</u>
Interest earned and reinvested	<u>\$ 376</u>	<u>\$ 434</u>

Note 7. Qualified Deferred Compensation Plan

The Organization sponsors a qualified, trustee defined pension plan. The Organization is required to contribute \$15,000 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.

Note 8. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30, 2014:

Time restricted	<u>\$ 10,000</u>
-----------------	------------------

Note 9. Lease Commitments

Boston Education Skills & Training Corp. currently leases office space as a tenant-at-will. Monthly payments of \$5,500, which includes the cost of utilities, are required. Rent expense totaled \$69,526 and \$69,045 for the fiscal years ended June 30, 2014 and 2013, respectively.

The Organization entered into a 60 month equipment lease which expires on March 25, 2015. The lease requires monthly payments of \$291. Equipment lease expenses totaled \$5,720 and \$6,806 for the fiscal years ended June 30, 2014 and 2013, respectively. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Total</u>
2015	<u>\$ 2,328</u>

Note 10. Subsequent Event

The Organization has evaluated events through August 20, 2014 the date the financial statements were available to be issued.

There was no subsequent events to be disclosed based on this evaluation.



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August 18, 2014

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

Independent Auditor's 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, in accordance with the 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, the financial statements of Boston Education, Skills & Training Corp. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 18, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boston Education, Skills & Training Corp.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 & Training Corp.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

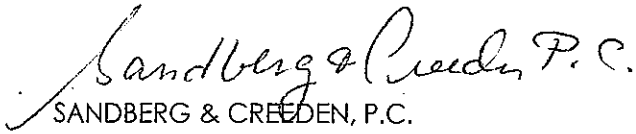
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



SANDBERG & CREEDON, P.C.
Certified Public Accountants

Stoughton, Massachusetts
August 18, 2014

