

BOSTON PARTNERS IN EDUCATION, INC.
Financial Statements
and
Independent Auditors' Report
August 31, 2015



Randall S. Davis & Company LLP

Certified Public Accountants

Creating Value From Numbers

Independent Auditors' Report

To the Board of Directors of
Boston Partners in Education, Inc.

We have audited the accompanying financial statements of Boston Partners in Education, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of August 31, 2015, 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. 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 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 Partners in Education, Inc. as of August 31, 2015, 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.

A handwritten signature in black ink that reads "Russell J. Jarvis & Company LLP". The signature is written in a cursive, flowing style.

November 10, 2015

BOSTON PARTNERS IN EDUCATION, INC.
Statement of Financial Position
August 31, 2015

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 655,972
Promises to give	2,590
Prepaid expenses	<u>4,588</u>

Total Current Assets 663,150

FIXED ASSETS

Equipment	28,583
Less: accumulated depreciation	<u>(5,717)</u>

Net Fixed Assets 22,866

INTANGIBLE ASSETS

Web site	<u>88,330</u>
----------	---------------

Total Assets \$ 774,346

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Payroll withholdings	<u>\$ 3,976</u>
----------------------	-----------------

Total Current Liabilities and Total Liabilities 3,976

NET ASSETS

Unrestricted	<u>770,370</u>
--------------	----------------

Total Liabilities and Net Assets \$ 774,346

See accompanying notes to financial statements.

BOSTON PARTNERS IN EDUCATION, INC.

Statement of Activities

For the Year Ended August 31, 2015

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT AND REVENUE			
Grants and contributions	\$ 496,671	\$ -	\$ 496,671
In-kind donations	162,233	-	162,233
Program fees	80,000	-	80,000
Special events	655,746	-	655,746
Less: direct costs	<u>(146,427)</u>	<u>-</u>	<u>(146,427)</u>
Net revenue from special events	<u>509,319</u>	<u>-</u>	<u>509,319</u>
Other income	2,935	-	2,935
Interest	503	-	503
Net assets released from restrictions	<u>57,955</u>	<u>(57,955)</u>	<u>-</u>
Total Support and Revenue	<u>1,309,616</u>	<u>(57,955)</u>	<u>1,251,661</u>
EXPENSES			
Program services:			
The Big Cheese Reads	114,872	-	114,872
Math Rules!	158,014	-	158,014
Power Lunch	153,038	-	153,038
School Volunteer Program	<u>319,726</u>	<u>-</u>	<u>319,726</u>
Total Program Services	<u>745,650</u>	<u>-</u>	<u>745,650</u>
Supporting services:			
Management and general	156,183	-	156,183
Fundraising	<u>165,183</u>	<u>-</u>	<u>165,183</u>
Total Supporting Services	<u>321,366</u>	<u>-</u>	<u>321,366</u>
Total Expenses	<u>1,067,016</u>	<u>-</u>	<u>1,067,016</u>
Change in Net Assets	<u>242,600</u>	<u>(57,955)</u>	<u>184,645</u>
Net Assets, Beginning of Year	<u>527,770</u>	<u>57,955</u>	<u>585,725</u>
Net Assets End of Year	<u>\$ 770,370</u>	<u>\$ -</u>	<u>\$ 770,370</u>

See accompanying notes to financial statements.

BOSTON PARTNERS IN EDUCATION, INC.

Statement of Functional Expenses
For the Year Ended August 31, 2015

<i>DESCRIPTION</i>	PROGRAMS				SUPPORT SERVICES		TOTAL
	THE BIG CHEESE READS	MATH RULES!	POWER LUNCH	SCHOOL VOLUNTEER PROGRAM	MANAGEMENT AND GENERAL	FUND- RAISING	
Personnel	\$ 69,670	\$ 104,594	\$ 97,300	\$ 207,086	\$ 89,942	\$ 102,663	\$ 671,255
Payroll taxes	6,038	8,862	8,327	17,692	7,738	11,354	60,011
Insurance	6,217	9,261	7,877	22,319	9,946	12,142	67,762
Advertising and promotion	556	619	653	749	221	2,935	5,733
Office expense	386	654	751	978	790	1,028	4,587
Information technology	322	349	2,148	433	2,366	357	5,975
Occupancy	6,240	8,812	8,352	17,565	7,765	11,266	60,000
Travel	1,522	2,393	1,843	4,961	836	1,949	13,504
Meetings and conferences	90	344	275	969	1,165	365	3,208
Professional fees	1,429	6,697	5,507	11,231	19,712	2,025	46,601
Inkind expenses	11,673	12,859	12,645	32,584	13,479	13,973	97,213
Volunteer expenses	-	1,701	3,234	1,778	-	-	6,713
Professional development	221	231	380	256	221	2,576	3,885
Dues and subscriptions	-	-	244	75	840	605	1,764
Bad debt	10,000	-	1,000	-	-	-	11,000
Depreciation expense	508	638	2,502	1,050	419	600	5,717
Miscellaneous expense	-	-	-	-	743	1,345	2,088
Total	\$ 114,872	\$ 158,014	\$ 153,038	\$ 319,726	\$ 156,183	\$ 165,183	1,067,016

See accompanying notes to financial statements.

BOSTON PARTNERS IN EDUCATION, INC.
Statement of Cash Flows
For the Year Ended August 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 184,645
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Capitalized portion of donated website services	(88,330)
Depreciation	5,717
(Increase) decrease in operating assets:	
Promises to give	(2,490)
Prepaid expenses	2,328
Increase (decrease) in operating liabilities:	
Payroll withholdings	3,181
Net Cash Provided by Operating Activities	105,051
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(11,355)
Net Cash Used in Investing Activities	(11,355)
Net Increase in Cash and Cash Equivalents	93,696
CASH and CASH EQUIVALENTS, beginning of year	562,276
CASH and CASH EQUIVALENTS, end of year	\$ 655,972

See accompanying notes to financial statements.

BOSTON PARTNERS IN EDUCATION, INC.

Notes to Financial Statements

August 31, 2015

1. ORGANIZATION AND PROGRAMS

ORGANIZATION

Boston Partners in Education, Inc., founded in 1966, is a Massachusetts not-for-profit corporation, whose mission is to enhance the academic achievement and nurture the personal growth of Boston's public school students by providing them with focused, individualized in-school volunteer support.

PROGRAMS

To achieve its mission Boston Partners offers the following major programs:

The Big Cheese Reads -The Big Cheese Reads connects business and community leaders with middle school students in order to emphasize the important link between literacy and career success. Since its inception, more than 250 corporate and community leaders have gone into the classroom to support the initiative.

Math Rules! - Math Rules! targets elementary grade students who are struggling in math. Two to four students are matched with a volunteer math mentor who tutors them in the classroom during the math period. Volunteers work under the teacher's direction and motivate students to strengthen their math performance.

Power Lunch - Power Lunch sparks enthusiasm for reading in kindergarten through third graders by matching students with volunteer reading mentors from participating corporations in the Boston area. Each reading mentor serves as a role model and friend, providing guidance in school and career choices while encouraging an enthusiasm for books and reading.

School Volunteer Program - Boston Partners in Education matches Boston Public School students in grades K-12 with volunteer academic mentors in response to teacher requests. The School Volunteer Program provides academic mentors to teacher-nominated students, either one-on-one or in small groups, as well as whole classroom volunteers in grades K-12. Volunteer academic mentors work with students in reading, writing, and math, helping them to improve their grades and to achieve their goals on standardized tests.

Boston Partners in Education's operations are primarily funded by foundation and corporate grants, and contributions from the general public.

BOSTON PARTNERS IN EDUCATION, INC.

Notes to Financial Statements (Continued)

August 31, 2015

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

Boston Partners in Education prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

NET ASSETS CLASSIFICATION

Net assets of Boston Partners in Education are classified into three categories. The classifications are related to the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted Net Assets* - net assets that are available for support of operations and not subject to donor-imposed stipulations.
- *Temporarily Restricted Net Assets* - assets whose use is limited by either donor-imposed time restrictions or purpose restrictions. At August 31, 2015 Boston Partners in Education had no temporarily restricted net assets
- *Permanently Restricted Net Assets* – assets that must be maintained in perpetuity. At August 31, 2015 Boston Partners in Education had no permanently restricted net assets.

GRANTS AND CONTRIBUTIONS

Grants and contributions are recognized when a donor makes a promise to give to Boston Partners in Education that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Grants and contributions received in connection with a conditional promise to give are recorded as a refundable advance (a liability) until the donor conditions have been met or explicitly waived. Grants and contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the grants and contributions are recognized. All other donor-restricted grants and contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

CASH EQUIVALENTS

Boston Partners in Education considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

BOSTON PARTNERS IN EDUCATION, INC.

Notes to Financial Statements (Continued)

August 31, 2015

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION

Program fees are recognized as revenue when earned. Advance payments of program fees are recorded as deferred revenue until earned.

ACCOUNTS RECEIVABLE

Accounts receivable are presented net of the allowance for doubtful accounts. Boston Partners in Education's periodic evaluation of the adequacy of the allowance is based on its past loss experience. There were no outstanding accounts at August 31, 2015.

FIXED ASSETS

Donations of fixed assets are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Boston Partners in Education reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Boston Partners in Education reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Purchased fixed assets are carried at cost. Fixed assets are depreciated using the straight-line method over their estimated useful lives. Repairs and maintenance are charged to operations. Betterments, renewals, and purchases of more than \$1,000 are capitalized.

Depreciation expense for the year ended August 31, 2015 was \$5,717.

IN-KIND DONATIONS

Boston Partners in Education receives in-kind donations in support of its operations. Donated materials and services are recorded at fair value. Donated services that (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated are recorded as contributions in the financial statements. Donated services such as fundraising, clerical assistance or other volunteer efforts not requiring specialized skills are not recorded in the financial statements.

ADVERTISING AND PROMOTION

Boston Partners in Education expenses advertising and promotion costs when they are incurred. Advertising and promotion costs for the year ended August 31, 2015 totaled \$5,733.

BOSTON PARTNERS IN EDUCATION, INC.

Notes to Financial Statements (Continued)

August 31, 2015

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES

Boston Partners in Education is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from state income taxes under Chapter 180 of the Massachusetts General Laws. Unrelated business income, of which there was none for the year ended August 31, 2015 would be subject to Federal and state income taxes.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and reported in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

ESTIMATES

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. IN-KIND DONATIONS

Boston Partners in Education receives donated materials and services in support of its programmatic and administrative functions. In-kind donations reported in the financial statements for the year ended August 31, 2015, were as follows:

Software licenses	\$ 28,200
Consulting services	10,583
Website design	<u>123,450</u>
Total	<u>\$ 162,233</u>

Boston Partners in Education receives donated IT services from a company that is affiliated with a board member. The value of the IT services could not be determined and, accordingly, is not recorded in the financial statements. In addition, donated services such as Big Cheese Readers and other volunteer efforts not requiring specialized skills are not recorded in the financial statements.

BOSTON PARTNERS IN EDUCATION, INC.

Notes to Financial Statements (Continued)

August 31, 2015

4. PROMISES TO GIVE

UNCONDITIONAL

All unconditional promises to give at August 31, 2015 were deemed fully collectible and were due within one year.

CONDITIONAL

Conditional promises to give totaling \$66,667 at August 31, 2015 are to support general operations and are payable as follows:

Conditional promise to give due within one year	\$ 33,333
Conditional promise to give due within two years	<u>33,334</u>
Total	<u>\$ 66,667</u>

Conditional promises to give will be recognized in the financial statements when the conditions on which they depend are substantially met.

5. RELATED PARTY TRANSACTIONS

IT SERVICES

Boston Partners in Education receives donated IT services from a company affiliated with a board member. The value of the IT services could not be determined.

OFFICE LEASE

Boston Partners in Education leases its office space under an annually renewable non-cancelable operating sublease from World Education, Inc., an organization affiliated with a board member. Rent expense for the year ended August 31, 2015 was \$60,000.

The sublease agreement was renewed on September 1, 2015. Rent expense under the new lease will be \$96,000 for fiscal year 2016.

CONTRIBUTIONS

Board members donated \$151,071 to Boston Partners in Education for the year ended August 31, 2015.

BOSTON PARTNERS IN EDUCATION, INC.

Notes to Financial Statements (Continued)

August 31, 2015

6. LINE OF CREDIT

At August 31, 2015, Boston Partners in Education had an unused \$50,000 revolving line-of-credit agreement with TD Bank that expires on February 20, 2016. Any outstanding balance on the line will incur interest at the bank's prime rate plus .50%.

7. COMPENSATED ABSCENCES

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. Boston Partners in Education's policy is to recognize these costs when actually paid.

8. RETIREMENT PLAN

Boston Partners in Education has a 401(k) Simple Retirement Plan for its employees. All employees with six months of service are eligible to participate in the plan. Boston Partners in Education does not contribute to the plan.

9. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

CREDIT RISK

Boston Partners in Education maintains cash balances at one financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At August 31, 2015, the uninsured balance was \$408,021. Boston Partners in Education has not experienced any loss in accounts and believes it is not exposed to any significant credit risk on its cash balances.

SUPPORT AND REVENUE

Grants, contributions, and fees from three sources represented 43% of Boston Partners in Education's total support and revenue for the year ended August 31, 2015.

10. SUBSEQUENT EVENTS

Boston Partners has evaluated subsequent events through November 10, 2015, which is the date the financial statements were available to be issued.