

**North Cambridge Catholic Corporate
Work Study Program, Inc.**

Financial Statements

**For the Years Ended
June 30, 2008 and 2007**

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
North Cambridge Catholic Corporate Work Study Program, Inc.
Cambridge, Massachusetts

We have audited the accompanying statements of financial position of **North Cambridge Catholic Corporate Work Study Program, Inc.** (a nonprofit organization) as of June 30, 2008 and 2007, and the related statements of cash flows for the years then ended and the statement of activities for the year ended June 30, 2008. 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. The prior year summarized comparative information has been derived from the Organization's June 30, 2007 financial statements and in our report dated February 8, 2008 we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 **North Cambridge Catholic Corporate Work Study Program, Inc.** as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Braver PC

Newton, Massachusetts
May 7, 2009

North Cambridge Catholic Corporate Work Study Program, Inc.

**Statements of Financial Position
June 30, 2008 and 2007**

| | <u>2008</u> | <u>2007</u> |
|---------------------------------------|-------------------|-------------------|
| <i>Assets</i> | | |
| Cash | \$ 114,078 | \$ 176,012 |
| Accounts receivable | 39,109 | 39,156 |
| Property and equipment, net | <u>10,850</u> | <u>19,250</u> |
| Total assets | <u>\$ 164,037</u> | <u>\$ 234,418</u> |
| <i>Liabilities and Net Assets</i> | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 531 | \$ 378 |
| Deferred revenue | <u>49,000</u> | <u>10,000</u> |
| Total liabilities | <u>49,531</u> | <u>10,378</u> |
| Net assets | | |
| Unrestricted | <u>114,506</u> | <u>224,040</u> |
| Total net assets | <u>114,506</u> | <u>224,040</u> |
| Total liabilities and net assets | <u>\$ 164,037</u> | <u>\$ 234,418</u> |

North Cambridge Catholic Corporate Work Study Program, Inc.

**Statement of Activities
For the Year Ended June 30, 2008
(With Comparative Totals for 2007)**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> | <u>2007 Totals</u> |
|---------------------------------|---------------------|-----------------------------------|-----------------------------------|-------------------|--------------------|
| Revenues | | | | | |
| Sponsor revenue | \$ 1,257,516 | \$ - | \$ - | \$ 1,257,516 | \$ 1,253,615 |
| Other revenue | 5,450 | - | - | 5,450 | 2,425 |
| Total revenues | <u>1,262,966</u> | <u>-</u> | <u>-</u> | <u>1,262,966</u> | <u>1,256,040</u> |
| Expenses | | | | | |
| Program | 1,114,906 | - | - | 1,114,906 | 1,139,870 |
| General and administrative | 257,594 | - | - | 257,594 | 230,830 |
| Total expenses | <u>1,372,500</u> | <u>-</u> | <u>-</u> | <u>1,372,500</u> | <u>1,370,700</u> |
| Decrease in net assets | (109,534) | - | - | (109,534) | (114,660) |
| Net assets at beginning of year | 224,040 | - | - | 224,040 | 338,700 |
| Net assets at end of year | <u>\$ 114,506</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 114,506</u> | <u>\$ 224,040</u> |

North Cambridge Catholic Corporate Work Study Program, Inc.

Statements of Cash Flows For the Years Ended June 30, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|---|-------------------|-------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ (109,534) | \$ (114,660) |
| Adjustments to reconcile change in net assets to net cash used in operating activities | | |
| Depreciation | 8,400 | 8,400 |
| Changes in operating assets and liabilities | | |
| Decrease (increase) in | | |
| Accounts receivable | 47 | (2,656) |
| Prepaid expenses and other assets | - | 1,492 |
| Increase (decrease) in | | |
| Accounts payable and accrued expenses | 153 | 168 |
| Deferred revenue | 39,000 | (46,250) |
| Net cash used in operating activities | <u>(61,934)</u> | <u>(153,506)</u> |
| Net decrease in cash | (61,934) | (153,506) |
| Cash at beginning of year | <u>176,012</u> | <u>329,518</u> |
| Cash at end of year | <u>\$ 114,078</u> | <u>\$ 176,012</u> |

North Cambridge Catholic Corporate Work Study Program, Inc.

Notes Accompanying the Financial Statements For the Years Ended June 30, 2008 and 2007

1. Organization

North Cambridge Catholic Corporate Work Study Program, Inc. (the “Corporation”) was incorporated in February 2004, with the following purposes:

- a. To support and assist North Cambridge Catholic High School, Inc. in fulfilling the educational mission of the Roman Catholic Church, the Roman Catholic Archbishop of Boston, the Roman Catholic Archdiocese of Boston and the Cristo Rey Network.
- b. To develop, implement, manage and oversee corporate internship and/or work study programs to enable students enrolled at North Cambridge Catholic High School, Inc. to pay a portion of their tuition and gain hands-on business work experience, and
- c. To exclusively perform religious, education and charitable activities in support of North Cambridge Catholic High School, Inc., the Roman Catholic Church, the Roman Catholic Archbishop of Boston and the Roman Catholic Archdiocese of Boston.

Members of the Corporation include the Chairman (Archbishop of the Archdiocese of Boston), the Secretary of Education of the Archdiocese of Boston, the Chancellor of the Archdiocese of Boston and other persons who may be appointed by the Chairman. Members of the Corporation appoint and remove Trustees and Officers as defined in the Corporation’s by-laws. The trustees are responsible for the property and business affairs of the Corporation.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are prepared in accordance with recommendations of the Financial Accounting Standards Board in the Statement of Financial Accounting Standards (“SFAS”) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Corporation 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.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

North Cambridge Catholic Corporate Work Study Program, Inc.

Notes Accompanying the Financial Statements For the Years Ended June 30, 2008 and 2007

2. Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets.

Deferred Revenue

Deferred revenue represents advance payments received from sponsors and are recorded as unrestricted revenues as earned.

Expense Allocation

The operating costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities.

Sponsor Revenue

Sponsor revenue is recognized ratably over the term of the contract which coincides with services performed by students of North Cambridge Catholic High School, Inc.

Income Taxes

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Corporation's tax-exempt purpose is subject to taxation as unrelated business income at both the state and federal levels. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Corporation is also exempt from Massachusetts income taxes.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation.

North Cambridge Catholic Corporate Work Study Program, Inc.

Notes Accompanying the Financial Statements For the Years Ended June 30, 2008 and 2007

2. Summary of Significant Accounting Policies (Continued)

Donated Materials and Facilities

Donated materials and facilities are recorded as contributions at their estimated fair value at the date of donation.

Donated Services

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Corporation. No amounts have been reflected in the financial statements for donated services.

Comparative Financial Information

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 Corporation's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

3. Accounts Receivable

The Corporation grants credit to sponsor contracts involved with internship and/or work study programs. Accounts receivable are as follows as of June 30:

| | <u>2008</u> | <u>2007</u> |
|--------------------------------------|-------------------------|-------------------------|
| Accounts receivable | \$ 39,109 | \$ 39,156 |
| Less allowance for doubtful accounts | <u>-</u> | <u>-</u> |
| Net accounts receivable | <u><u>\$ 39,109</u></u> | <u><u>\$ 39,156</u></u> |

North Cambridge Catholic Corporate Work Study Program, Inc.

Notes Accompanying the Financial Statements For the Years Ended June 30, 2008 and 2007

4. Property and Equipment

Property and equipment consist of the following as of June 30, 2008 and 2007:

| | <u>2008</u> | <u>2007</u> |
|-------------------------------|------------------|------------------|
| Vehicles | \$ 42,000 | \$ 42,000 |
| Less accumulated depreciation | <u>31,150</u> | <u>22,750</u> |
| | <u>\$ 10,850</u> | <u>\$ 19,250</u> |

Depreciation expense amounted to \$8,400 for each of the years ended June 30, 2008 and 2007.

5. Concentrations of Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk, consist principally of temporary cash investments and accounts receivable. The Corporation places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to accounts receivable are limited due to the number of sponsorships comprising the Corporation's sponsorship base and their dispersion across different industries, government sectors, and geographic areas and is limited due to small amounts owed by sponsor contracts. In addition, the Corporation maintains cash balances at several financial institutions located in Massachusetts. Accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$100,000. Cash balances at these institutions periodically exceed the FDIC insurance limit.

6. Related Party Transactions

During the years ended June 30, 2008 and 2007, the Corporation paid \$987,000 and \$1,010,000, respectively, to help support North Cambridge Catholic High School, Inc. These amounts are included in the accompanying statement of activities under the caption program expenses.

During the years ended June 30, 2008 and 2007, the Corporation recognized \$99,113 and \$143,153, respectively, of sponsor contract revenue from businesses affiliated with members of the Board of Trustees.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Trustees of
North Cambridge Catholic Corporate Work Study Program, Inc.
Cambridge, Massachusetts

Our report on our audits of the financial statements of **North Cambridge Catholic Corporate Work Study Program, Inc.** (a not-for-profit corporation) for the years ended June 30, 2008 and 2007 appears on page 1. The audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of program services expenses and general and administrative expenses for the years ended June 30, 2008 and 2007 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.



Newton, Massachusetts
May 7, 2009

North Cambridge Catholic Corporate Work Study Program, Inc.

**Schedules of Program Services Expenses
(Supplementary Information)
For the Years Ended June 30, 2008 and 2007**

| | <u>2008</u> | <u>2007</u> |
|---|---------------------|---------------------|
| Support payments to North Cambridge Catholic High School, Inc. | \$ 987,000 | \$ 1,010,000 |
| Leased buses | 56,608 | 64,510 |
| Bus drivers | 22,739 | 23,716 |
| Transportation | 16,637 | 12,582 |
| Student training and seminars | 16,171 | 14,541 |
| Depreciation | 8,400 | 8,400 |
| Recruiting | 7,245 | 4,145 |
| Other | 106 | 295 |
| Sponsor events | - | 1,681 |
| | <u>\$ 1,114,906</u> | <u>\$ 1,139,870</u> |

North Cambridge Catholic Corporate Work Study Program, Inc.

**Schedules of General and Administrative Expenses
(Supplementary Information)
For the Years Ended June 30, 2008 and 2007**

| | <u>2008</u> | <u>2007</u> |
|-------------------|-------------------|-------------------|
| Salaries | \$ 189,745 | \$ 174,245 |
| Fringe benefits | 35,145 | 31,381 |
| Professional fees | 14,520 | 8,700 |
| Miscellaneous | 9,658 | 8,832 |
| Insurance | 3,675 | 3,675 |
| Office supplies | 3,579 | 1,845 |
| Telephone | 1,272 | 2,152 |
| | <u>\$ 257,594</u> | <u>\$ 230,830</u> |