

**Cristo Rey Boston Corporate  
Work Study Program, Inc.**

**Financial Statements  
and Supplementary Information**

**For the Years Ended  
June 30, 2011 and 2010**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees of  
**Cristo Rey Boston Corporate Work Study Program, Inc.**  
Dorchester, Massachusetts

We have audited the accompanying statements of financial position of **Cristo Rey Boston Corporate Work Study Program, Inc.** (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 **Cristo Rey Boston Corporate Work Study Program, Inc.** as of June 30, 2011 and 2010, and its changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Braver PC*

Needham, Massachusetts  
September 16, 2011

# Cristo Rey Boston Corporate Work Study Program, Inc.

## Statements of Financial Position June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<i>Assets</i>		
Cash	\$ 228,127	\$ 193,967
Accounts receivable	44,279	108,790
Total assets	<u>\$ 272,406</u>	<u>\$ 302,757</u>
<i>Liabilities and Net Assets</i>		
<i>Liabilities</i>		
Accounts payable and accrued expenses	\$ 861	\$ 1,622
Deferred revenue	50,250	98,000
Total liabilities	<u>51,111</u>	<u>99,622</u>
<i>Net assets</i>		
Unrestricted	<u>221,295</u>	<u>203,135</u>
Total net assets	<u>221,295</u>	<u>203,135</u>
Total liabilities and net assets	<u>\$ 272,406</u>	<u>\$ 302,757</u>

**Cristo Rey Boston Corporate Work Study Program, Inc.**

**Statement of Activities  
For the Year Ended June 30, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues				
Sponsor revenue	\$ 1,533,257	\$ -	\$ -	\$ 1,533,257
Miscellaneous	3,154	-	-	3,154
Total revenues	<u>1,536,411</u>	<u>-</u>	<u>-</u>	<u>1,536,411</u>
Expenses				
Program services	1,263,296	-	-	1,263,296
General and administrative	254,955	-	-	254,955
Total expenses	<u>1,518,251</u>	<u>-</u>	<u>-</u>	<u>1,518,251</u>
Increase in net assets	18,160	-	-	18,160
Net assets at beginning of year	<u>203,135</u>	<u>-</u>	<u>-</u>	<u>203,135</u>
Net assets at end of year	<u>\$ 221,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221,295</u>

*Continued...*

**Cristo Rey Boston Corporate Work Study Program, Inc.**

**Statement of Activities  
For the Year Ended June 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues				
Sponsor revenue	\$ 1,297,001	\$ -	\$ -	\$ 1,297,001
Miscellaneous	1,147	-	-	1,147
Total revenues	<u>1,298,148</u>	<u>-</u>	<u>-</u>	<u>1,298,148</u>
Expenses				
Program services	867,795	-	-	867,795
General and administrative	267,388	-	-	267,388
Total expenses	<u>1,135,183</u>	<u>-</u>	<u>-</u>	<u>1,135,183</u>
Increase in net assets	162,965	-	-	162,965
Net assets at beginning of year	<u>40,170</u>	<u>-</u>	<u>-</u>	<u>40,170</u>
Net assets at end of year	<u>\$ 203,135</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203,135</u>

**Cristo Rey Boston Corporate Work Study Program, Inc.**

**Statements of Cash Flows  
For the Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Increase in net assets	\$ 18,160	\$ 162,965
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	-	2,450
Changes in operating assets and liabilities		
Decrease (increase) in		
Accounts receivable	64,511	(44,937)
Increase (decrease) in		
Accounts payable and accrued expenses	(761)	(3,788)
Deferred revenue	(47,750)	52,500
Net cash provided by operating activities	<u>34,160</u>	<u>169,190</u>
Net increase in cash	34,160	169,190
Cash at beginning of year	<u>193,967</u>	<u>24,777</u>
Cash at end of year	<u>\$ 228,127</u>	<u>\$ 193,967</u>

# **Cristo Rey Boston Corporate Work Study Program, Inc.**

## **Notes to Financial Statements For the Years Ended June 30, 2011 and 2010**

### **1. Organization**

Cristo Rey Boston Corporate Work Study Program, Inc. (the "Corporation") was incorporated in February 2004, with the following purposes:

- a. To support and assist Cristo Rey Boston 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 Cristo Rey Boston High School, Inc. to pay a portion of their tuition and gain hands-on business work experience, and
- c. To exclusively perform religious, educational and charitable activities in support of Cristo Rey Boston 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 Roman Catholic Archdiocese of Boston), the Secretary of Education of the Roman Catholic Archdiocese of Boston, the Chancellor of the Roman Catholic 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.

Up until July 1, 2010, the Corporation was named North Cambridge Catholic Corporate Work Study Program, Inc.

### **2. Summary of Significant Accounting Policies**

#### *Basis of Accounting*

The accompanying financial statements of the Corporation are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

#### *Basis of Presentation*

The Corporation is required by GAAP 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.

#### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

# Cristo Rey Boston Corporate Work Study Program, Inc.

## Notes to Financial Statements For the Years Ended June 30, 2011 and 2010

### 2. Summary of Significant Accounting Policies (Continued)

#### *Sponsor Revenue*

Sponsor revenue is recognized ratably over the term of the contract for services provided to sponsors performed by students of Cristo Rey Boston High School, Inc.

#### *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 that are 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. No amounts have been reflected in the statements of financial position because all property and equipment has been fully depreciated.

#### *Deferred Revenue*

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

#### *Functional Expense Allocation*

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

#### *Income Taxes*

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Corporation is also exempt from Massachusetts income tax under Massachusetts General Law 180. 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 evaluates all significant tax positions as required by GAAP. As of June 30, 2011 and 2010, the Corporation does not believe that it has taken any tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease



## Cristo Rey Boston Corporate Work Study Program, Inc.

### Notes to Financial Statements For the Years Ended June 30, 2011 and 2010

#### 2. Summary of Significant Accounting Policies (Continued)

##### *Income Taxes (Continued)*

within the next twelve months. The Corporation is classified as a religious organization, and is therefore exempt from filing federal and state returns.

##### *Donated Assets*

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. No amounts have been reflected in the financial statements for donated assets.

##### *Donated Services*

Donated services are recognized as contributions 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.

##### *Advertising*

The Corporation expenses advertising as incurred. Advertising expense amounted to \$1,484 and \$1,208 for the year ended June 30, 2011 and 2010, respectively.

##### *Subsequent Events*

The Corporation has evaluated all subsequent events through September 16, 2011, the date the financial statements were available to be issued.

#### 3. Accounts Receivable

The Corporation grants credit to sponsors involved with internship and/or work study programs. Accounts receivable consist of the following as of June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Accounts receivable	\$ 44,279	\$ 108,790
Less allowance for doubtful accounts	<u>-</u>	<u>-</u>
Net accounts receivable	<u>\$ 44,279</u>	<u>\$ 108,790</u>

# Cristo Rey Boston Corporate Work Study Program, Inc.

## Notes to Financial Statements For the Years Ended June 30, 2011 and 2010

### 4. Property and Equipment

Property and equipment consist of the following as of both June 30, 2011 and 2010:

Vehicles	\$ 42,000
Less accumulated depreciation	<u>42,000</u>
	<u><u>\$ -</u></u>

Depreciation expense amounted to \$2,450 for the year ended June 30, 2010.

### 5. Related Party Transactions

During the years ended June 30, 2011 and 2010, the Corporation paid \$1,165,000 and \$769,000, respectively, to help support Cristo Rey Boston High School, Inc. These amounts are included in the accompanying statements of activities under the caption program services.

During the years ended June 30, 2011 and 2010, the Corporation recognized \$133,000 and \$190,400, respectively, of sponsor revenue from businesses affiliated with members of the Board of Trustees.

### 6. Concentrations of Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of its cash balance and accounts receivable. The Corporation places its cash with financial institutions and limits the amount of credit exposure to any one financial institution. The Corporation maintains cash balances at several financial institutions located in Massachusetts. Accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Cash balances at these institutions periodically exceed the FDIC insurance limit. 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 individual sponsor contracts.

### 7. Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported increase in net assets.

**REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION**

To the Board of Trustees of  
**Cristo Rey Boston Corporate Work Study Program, Inc.**  
Dorchester, Massachusetts

We have audited the financial statements of **Cristo Rey Boston Corporate Work Study Program, Inc.** (a nonprofit organization) for the years ended June 30, 2011 and 2010, and have issued our report thereon dated September 16, 2011, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of program services expenses and general and administrative expenses are presented for the purposes of additional analysis and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Braver PC*  
Needham, Massachusetts  
September 16, 2011

## Cristo Rey Boston Corporate Work Study Program, Inc.

### Schedules of Program Services Expenses (Supplementary Information) For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Support payments to Cristo Rey Boston High School, Inc.	\$ 1,165,000	\$ 769,000
Bus drivers	26,331	15,918
Leased buses	24,302	27,962
Transportation	22,481	24,341
Student training and seminars	13,846	18,175
Recruiting	9,388	8,225
Miscellaneous	1,345	891
Sponsor events	603	833
Depreciation	-	2,450
	<u>\$ 1,263,296</u>	<u>\$ 867,795</u>

**Cristo Rey Boston Corporate Work Study Program, Inc.**

**Schedules of General and Administrative Expenses  
(Supplementary Information)  
For the Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Salaries	\$ 179,224	\$ 197,600
Fringe benefits	38,376	48,482
Volunteer stipends	16,334	13,057
Miscellaneous	12,306	1,758
Insurance	3,811	3,811
Telephone	2,135	-
Advertising	1,484	1,208
Office supplies	1,285	1,472
	<u>\$ 254,955</u>	<u>\$ 267,388</u>