

**Audited  
Financial Statements**

**St. Mary's High School, Inc.  
Lynn, Massachusetts**

**June 30, 2011**

**St. Mary's High School, Inc. - Lynn, Massachusetts**

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**Audited Financial Statements**

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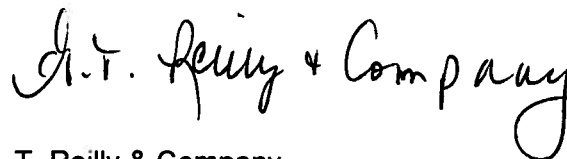
## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
St. Mary's High School, Inc.  
Lynn, Massachusetts

We have audited the accompanying statements of financial position of St. Mary's High School, Inc. 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 School'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 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 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 St. Mary's High School, Inc. at June 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



G. T. Reilly & Company

Milton, Massachusetts  
December 13, 2011

# St. Mary's High School, Inc. - Lynn, Massachusetts

## Statements of Financial Position

June 30

	<u>2011</u>	<u>2010</u>
<b><u>Assets</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 1,027,372	\$ 2,131,657
Cash designated by the Board (Note 2)	95,769	104,632
Accounts receivable, less allowance for doubtful accounts of \$41,234 in 2011 and \$38,667 in 2010 (Note 2)	141,962	115,501
Pledges receivable, restricted, net (Notes 2, 4 & 8)	100,000	-
Due from affiliates (Note 9)	174,461	77,478
Prepaid expenses and other assets	<u>98,858</u>	<u>22,203</u>
<b>TOTAL CURRENT ASSETS</b>	<u><b>1,638,422</b></u>	<u><b>2,451,471</b></u>
<b>FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS (Notes 2 &amp; 5)</b>	<u><b>1,249,044</b></u>	<u><b>1,291,088</b></u>
<b>OTHER ASSETS</b>		
Cash, restricted funds (Note 2)	46,284	41,716
Pledges receivable, restricted, net of current portion (Notes 2, 4 & 8)	670,442	-
Interest in net assets of the Catholic Foundation (Notes 2 & 3)	1,360,958	1,171,908
Interest in net assets of St. Mary's High School Foundation (Notes 2 & 3)	<u>2,355,465</u>	<u>2,144,664</u>
	<u><b>4,433,149</b></u>	<u><b>3,358,288</b></u>
	<u><b>\$ 7,320,615</b></u>	<u><b>\$ 7,100,847</b></u>
<b><u>Liabilities and Net Assets</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 341,921	\$ 285,131
Deferred revenues (Note 2)	<u>553,662</u>	<u>1,085,707</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u><b>895,583</b></u>	<u><b>1,370,838</b></u>
<b>NET ASSETS (Notes 2, 5 &amp; 8)</b>		
Unrestricted		
Undesignated	2,235,632	2,325,409
Board-designated (Note 2)	<u>95,769</u>	<u>104,632</u>
	<u><b>2,331,401</b></u>	<u><b>2,430,041</b></u>
Temporarily restricted	2,793,144	2,024,481
Permanently restricted	<u>1,300,487</u>	<u>1,275,487</u>
	<u><b>6,425,032</b></u>	<u><b>5,730,009</b></u>
	<u><b>\$ 7,320,615</b></u>	<u><b>\$ 7,100,847</b></u>

# St. Mary's High School, Inc. - Lynn, Massachusetts

## Statements of Activities and Changes in Net Assets

For the Years Ended June 30

	2011			2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, Gains and Other Support</b>							
Tuition and fees, net	\$ 4,001,743	\$ -	\$ -	\$ 3,980,212	\$ -	\$ -	\$ 3,980,212
Other programs	232,030	-	-	176,182	-	-	176,182
Auxiliary activities, net	137,233	-	-	94,385	-	-	94,385
Contributions:							
Contributed facilities (Notes 2 & 9)	638,275	-	-	638,275	-	-	638,275
Other	390,858	1,169,226	-	461,123	555,524	-	1,016,647
Interest income	10,957	-	-	14,517	-	-	14,517
Interest in change in net assets of the Catholic Foundation (Notes 2 & 3)	-	240,118	-	-	132,528	-	132,528
Interest in change in net assets of St. Mary's High School Foundation, Inc. (Notes 2 & 3)	430,304	(81,031)	25,000	(6,436)	54,278	87,500	135,342
Net assets released from restrictions (Note 7)	559,650	(559,650)	-	535,556	(535,556)	-	-
Total Revenues, Gains & Other Support	6,401,050	768,663	25,000	5,893,814	206,774	87,500	6,188,088
<b>Expenses</b>							
Program services:							
Instruction/student activities	3,163,051	-	-	2,945,965	-	-	2,945,965
Other programs	240,010	-	-	228,926	-	-	228,926
Total Program Services	3,403,061	-	-	3,174,891	-	-	3,174,891
Supporting services:							
General and administrative	1,841,356	-	-	1,843,278	-	-	1,843,278
Facilities	743,370	-	-	657,168	-	-	657,168
Fundraising	401,391	-	-	372,469	-	-	372,469
Depreciation	110,512	-	-	120,214	-	-	120,214
Total Supporting Services	3,096,629	-	-	2,993,129	-	-	2,993,129
Total Expenses	6,499,690	-	-	6,168,020	-	-	6,168,019
<b>(Decrease) Increase in Net Assets</b>	(98,640)	768,663	25,000	(274,206)	206,774	87,500	20,069
<b>Net Assets at Beginning of Year</b>	2,430,041	2,024,481	1,275,487	2,704,247	1,817,707	1,187,987	5,709,941
<b>Net Assets at End of Year</b>	\$ 2,331,401	\$ 2,793,144	\$ 1,300,487	\$ 2,430,041	\$ 2,024,481	\$ 1,275,487	\$ 5,730,010

# St. Mary's High School, Inc. - Lynn, Massachusetts

## Statements of Cash Flows

For the Years Ended June 30

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 695,023	\$ 20,069
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	110,512	120,214
Interest in the change in net assets of the Catholic Foundation	(240,118)	(132,528)
Interest in the change in net assets of St. Mary's High School Foundation, Inc.	(374,273)	(135,342)
Distributions of interest in net assets of the Catholic Foundation	51,068	47,150
Distributions of interest in net assets of St. Mary's High School Foundation, Inc.	163,472	87,296
Changes in operating assets and liabilities:		
Cash designated by the Board	8,863	95,158
Cash, restricted funds	(4,568)	(27,801)
Accounts receivable, net	(26,461)	(11,080)
Pledges receivable	(770,442)	-
Other assets	(76,655)	(8,043)
Accounts payable and accrued expenses	56,790	103,607
Due to / from affiliates	(96,983)	(134,562)
Deferred revenues	(532,045)	228,313
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(1,035,817)</u>	<u>252,450</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to furniture, equipment and vehicles	<u>(68,468)</u>	<u>(171,286)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,104,285)	81,164
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,131,657</u>	<u>2,050,493</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,027,372</u>	<u>\$ 2,131,657</u>

# St. Mary's High School, Inc. - Lynn, Massachusetts

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## Notes to Financial Statements

June 30, 2011

### Note 1 - Nature of Organization

St. Mary's High School, Inc. of Lynn, Massachusetts (the School), is a private Catholic high school. The School's mission is to provide a strong academic foundation which promotes Christian faith and morals and provides a deeper understanding of Catholic religious tradition. The School derives its revenue from student tuition, donations, auxiliary activities and other related operating activities. Auxiliary activities include the School bookstore and various fundraising events. Other programs consist of revenue from athletics, bingo games and the like.

### Note 2 - Significant Accounting Policies

Basis of Accounting and Reporting - The financial statements of the School have been prepared under the accrual method of accounting in conformity with generally accepted accounting principles.

Accounting Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Financial Statement Presentation - The School presents a statement of financial position and a statement of activities segregated into three classes of net assets determined by donor-imposed restrictions as follows: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets (see Note 7 regarding restrictions on net assets).

Endowment funds established by donor restrictions to permanently maintain the principal, while allowing the use of income generated therefrom, are classified as permanently restricted net assets. Income derived from the investment of endowment funds is reported as unrestricted revenue or as restricted revenue depending on the terms of the donor instrument. Unrealized gains or losses on endowment fund investments are reported as increases or decreases in temporarily restricted net assets unless the donor explicitly states otherwise. If the fair value of assets associated with the assets associated with an endowment fund falls below historic dollar value, the Massachusetts Uniform Prudent Management of Institutional Funds Act requires such deficiency to be reported as unrestricted net assets (see Note 8).

Contributions and Donor Restrictions - Use-restricted contributions are reported as increases to temporarily or permanently restricted net assets when received. When a donor restriction expires either by use of the funds for the specified purpose or by the expiration of a time restriction, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions (see Note 7).

Cash and Cash Equivalents - For the purpose of reporting the statement of cash flows, cash and cash equivalents includes amounts on-hand and in bank accounts. Board-designated (Note 7) and restricted cash accounts are excluded from this classification.

Restricted Cash - Restricted cash represents cash that has been earmarked for scholarships and financial aid by donors.

## Note 2 - Significant Accounting Policies (Cont.)

Pledges Receivable – Contributions, including unconditional promises to give to the School, are recognized as revenues in the period made. Contributions receivable that are, in effect, “unconditional promises to give” are recorded at the present value of future cash flows. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable may be provided based upon management’s judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution and nature of fundraising activity. As of June 30, 2011, there was no such allowance as one was not considered necessary by management (see Note 4).

Accounts Receivable - Accounts receivable are stated net of an allowance for doubtful accounts, when considered necessary by management, which would be reported on the face of the School's statement of financial position. The allowance is established via a provision for bad debts charged to operations. On a periodic basis, management evaluates its accounts receivable and establishes or adjusts its allowance to an amount that it believes will be adequate to absorb possible losses on accounts that may become uncollectible, based on evaluations of the collectibility of individual accounts, the School's history of prior loss experience and on current economic conditions. Accounts are written off and charged against the allowance when management believes that the collectibility of the specific account is unlikely.

Accounting for Assets Held by Others - Generally accepted accounting principles requires the School to recognize as an asset its interest in the net assets of other related organizations who hold funds that have been donated for the benefit of the School. Additionally, the statement requires the School to adjust the interest for its share of the change in the related organization’s net assets. The School is the beneficiary of two separate foundations, the Catholic Foundation and St. Mary’s High School Foundation, Inc. Both of these foundations are considered related parties (see Notes 3 and 9).

Furniture, Equipment and Leasehold Improvements – Furniture, equipment and leasehold improvements are stated at cost (see Note 5). Maintenance and repairs are expensed as incurred, whereas major purchases are capitalized.

Depreciation is provided over the estimated useful lives of the assets by using straight-line methods. The estimated useful lives used in the computation are as follows:

<u>Asset</u>	<u>Estimated Useful Lives in Years</u>
Furniture and equipment	5 years
Leasehold improvements	39 years

Deferred Revenues - Deferred revenues consist of tuition and fee deposits and advance tuition payments.

Tuition Revenue - Gross tuition and fees reflect the School's normal tuition rates for all students. Scholarships given on the basis of financial need and/or achievement are netted against gross tuition and fees.

Auxiliary Services Revenue - Auxiliary services revenue includes activities related to the School's operations, such as the School bookstore and various fundraising events. Auxiliary services revenue is recognized in the period to which it relates.

Contributed Facilities - The School pays annual rent of \$1.00 to the Archdiocese for facilities located in Lynn, Massachusetts. The estimated current rental value of the facilities is reported as rent expense and a corresponding amount is reported as support in the statement of activities (see Note 9).



## Note 2 - Significant Accounting Policies (Cont.)

Income Tax Status - The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax.

Evaluation of Subsequent Events - In accordance with generally accepted accounting principles, management has evaluated subsequent events involving the School for potential recognition or disclosure in the accompanying financial statements. Subsequent events are events or transactions that occurred after June 30, 2011 through December 13, 2011, the date the accompanying financial statements were available to be issued.

Reclassification - Certain amounts in the 2010 statement of activities and changes in net assets have been reclassified to conform to current year classifications. Such reclassifications had no effect on the change in net assets or on total expenses as previously reported for the year ended June 30, 2010. However, they did have the effect of increasing facilities and fundraising expense by \$657,168 and \$372,469, respectively and decreasing instructional and student activities and general and administrative expenses by corresponding amounts.

### Note 3 – Interest in Foundations

The School is the beneficiary of donations collected on its behalf by two related parties, the Catholic Foundation and the St. Mary's High School Foundation, Inc. As discussed in Note 2, "Accounting for Assets Held by Others", the School has recorded as assets its interests in the Foundations' net assets, as follows at June 30:

	<u>2011</u>	<u>2010</u>
Catholic Foundation	\$ 1,360,958	\$ 1,171,908
St. Mary's High School Foundation, Inc.	2,355,465	2,144,664
	<u>\$ 3,716,423</u>	<u>\$ 3,316,572</u>

During the reporting years, the School's interests in the net assets of the Foundations increased as follows:

	<u>2011</u>	<u>2010</u>
Catholic Foundation	\$ 240,118	\$ 132,528
St. Mary's High School Foundation, Inc.	374,273	135,342
	<u>\$ 614,391</u>	<u>\$ 267,870</u>

Distributions received from the foundations were as follows:

	<u>2011</u>	<u>2010</u>
Catholic Foundation	\$ 51,068	\$ 47,150
St. Mary's High School Foundation, Inc.	163,472	87,296
	<u>\$ 214,540</u>	<u>\$ 134,446</u>

#### Note 4 – Pledges Receivable, Restricted

Pledges receivable, net of discounts, scheduled to be received over future periods consist of the following amounts at June 30, 2011:

Amounts expected to be collected in one year or less	\$ 100,000
Amounts expected to be collected in one year to five years	500,000
Amounts expected to be collected in five years to ten years	300,000
	<u>900,000</u>
Less unamortized discount (Note 1)	<u>(129,558)</u>
Net present value of pledges receivable	<u>\$ 770,442</u>

For the year ended June 30, 2011, pledges receivable represent one pledge made from a member of the board and are restricted for academic scholarships. Pledges are recorded at the present value of estimated future cash flows. The present value of estimated future cash flows has been measured utilizing a risk-free rate of return that coincides with the cash flow of the individual pledge (3.18% at June 30, 2011).

#### Note 5 - Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements consist of the following at June 30:

	<u>2011</u>	<u>2010</u>
Furniture and equipment	\$ 1,105,318	\$ 1,064,717
Leasehold improvements	<u>1,287,913</u>	<u>1,260,046</u>
	<u>2,393,231</u>	<u>2,324,763</u>
Less accumulated provisions for depreciation	<u>(1,144,187)</u>	<u>(1,033,675)</u>
	<u>\$ 1,249,044</u>	<u>\$ 1,291,088</u>

Depreciation expense totaled \$110,512 and \$120,214 for the years ended June 30, 2011 and 2010, respectively.

#### Note 6 - Financial Instruments and Concentrations of Credit Risk

The School's financial instruments that potentially subject it to concentrations of credit risk consist of cash, accounts receivable and pledges receivable.

The School maintains its cash accounts and equivalents in high quality financial institutions. At times, the amounts on deposit at any institution may exceed insured limits. The School's accounts receivable reflect amounts due from its students and special activity fees. The School's pledges receivable reflect amounts due from one member of the Board.

In addition, the School has significant interests in the net assets of two foundations approximating \$1,361,000 and \$2,355,000 at June 30, 2011 (see Note 3).

#### Note 7 - Classification of Net Assets

Permanently restricted net assets totaling \$1,300,487 and \$1,275,487 at June 30, 2011 and 2010, respectively, are restricted in perpetuity, the income from which is expendable to support scholarships for needy students.

## Note 7 - Classification of Net Assets (Cont.)

Temporarily restricted net assets at June 30 consist of, or are available for, the following purposes:

	<u>2011</u>	<u>2010</u>
Interest in restricted net assets of the Catholic Foundation	\$ 360,958	\$ 171,908
Interest in restricted net assets of St. Mary's High School Foundation, Inc.	1,621,978	1,703,009
Scholarships and financial aid	810,208	124,564
Other programs	-	25,000
	<u>\$ 2,793,144</u>	<u>\$ 2,024,481</u>

Net assets were released from donor restrictions by incurring expenses or by the occurrence of other events satisfying the restricted purposes as follows for the year ended June 30:

	<u>2011</u>	<u>2010</u>
Student scholarships and financial assistance	\$ 534,650	\$ 485,321
Other programs	25,000	50,235
	<u>\$ 559,650</u>	<u>\$ 535,556</u>

Unrestricted net assets of \$95,769 and \$104,632 at June 30, 2011 and 2010, respectively, have been designated by the Board of Directors for future replacement, improvement or additions to property and equipment.

## Note 8 - Endowments

The School's endowments consist of funds established for scholarships to students of St. Mary's High School. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The School has historically viewed the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the School to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

As a result of this interpretation, the School classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. This is regarded as the "historic dollar value" of the endowment fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets and is regarded as "net appreciation" is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the School in a manner consistent with the standard of prudence presented in UPMIFA.

Funds with Deficiencies - From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the "historic dollar value". Deficiencies of this nature are reported by a charge to unrestricted net assets. Deficiencies may result from unfavorable market fluctuations that occurred. Over time, these deficiencies may reverse due to the appreciation of the underlying investments. There were no such deficiencies as of June 30, 2011.

Endowment Investment Policy - The School has adopted an investment philosophy which, combined with the spending rate, attempts to provide a predictable stream of returns thereby making funds available to programs that are supported by its endowment, while at the same time seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the School must hold in perpetuity or for donor-specified periods.

## Note 8 - Endowments (Cont.)

Under the School's Investment Policy and spending rate, both of which are approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the School relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The School is the beneficiary of St. Mary's High School Foundation ("Foundation") and the Catholic Foundation, which has invested its endowment investment portfolio in the Common Investment Fund, which in-turn invests in the Collective Investment Partnership. The Investment Committee of Corporation Sole is responsible for selecting the investment managers of the Collective Investment Partnership.

The Investment Committee's investment rationale is to include an array of different strategy and investment managers for the Collective Investment Partnership's portfolio to reduce overall volatility while providing investment returns above industry benchmarks.

Endowment net asset composition by type of fund as of June 30, 2011 and 2010 is as follows:

	Endowment Fund Net Assets			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>For the year ended June 30, 2011:</b>				
Endowment net assets at beginning of year	\$ -	\$ 180,947	\$ 1,275,487	\$ 1,456,434
Interest in net assets of the Catholic Foundation	-	240,118	-	240,118
Interest in net assets of St. Mary's High School Foundation	(5,852)	62,188	25,000	81,336
Appropriation of endowment assets for expenditure	-	(63,065)	-	(63,065)
Endowment net assets at end of year	<u>\$ (5,852)</u>	<u>\$ 420,188</u>	<u>\$ 1,300,487</u>	<u>1,714,823</u>
<b>For the year ended June 30, 2010:</b>				
Endowment net assets at beginning of year	\$ -	\$ 86,530	\$ 1,187,987	\$ 1,274,517
Interest in net assets of the Catholic Foundation	-	132,528	-	132,528
Interest in net assets of St. Mary's High School Foundation	-	11,039	87,500	98,539
Appropriation of endowment assets for expenditure	-	(49,150)	-	(49,150)
Endowment net assets at end of year	<u>\$ -</u>	<u>\$ 180,947</u>	<u>\$ 1,275,487</u>	<u>\$ 1,456,434</u>

## Note 9 - Related Party Transactions

During the years ended June 30, 2011 and 2010, the School was charged \$574,714 and \$489,229, respectively for health, life, disability, workers' compensation and property insurance administered by the Roman Catholic Archdiocese of Boston ("Archdiocese") (an entity related by common board members).

The School leases land and a building from the Archdiocese. Effective August 1, 2006, the School entered into a lease agreement for a four-year period ending July 1, 2010 requiring annual lease payments of \$1.00. The School is obligated under the lease agreement to pay all utilities, maintenance and insurance on the premises, subject to certain limitations. The estimated current rental value of the facilities approximated \$638,275 for the years ended June 30, 2011 and 2010, respectively. The estimated value of the rental is recorded as both support and expense in the accompanying statements of activities (see Note 2). The School has yet to sign a new lease agreement and is currently a tenant-at-will.

## Note 9 - Related Party Transactions (Cont.)

Subsequent to year-end, the School entered into a \$350,000 revolving loan agreement with the RCAB for the use of property in which the title is in the name of the RCAB Corporation Sole. The note bears interest at a fixed rate of 4.75%. The note is payable in monthly interest and principal installments of \$5,596 and it matures March, 2018. The School has the option to prepay all or part of the principal balance at any time.

At June 30, 2011, amounts due from the Foundation to the School were \$80,000. There were no amounts due from the Foundation at June 30, 2011. Amounts due from St. Mary's Parish to the School were \$94,461 and \$77,478 at June 30, 2011 and 2010, respectively.

The School also received approximately \$25,000 and \$50,000 in direct financial support from St. Mary's Parish for the years ended June 30, 2011 and 2010, respectively.

As discussed in Note 3, "Interest in Foundations", the School is a beneficiary of the Catholic Foundation and St. Mary's High School Foundation, Inc. The School is related through common Board membership to St. Mary's High School Foundation, Inc.

For the years ended June 30, 2011 and 2010, the School was charged \$23,707 and \$19,636, respectively, by companies affiliated with certain members of the Board for various services and products.

## Note 10 - Employee Pension Plan

The School participates with other organizations affiliated with the Archdiocese in a multi-employer, noncontributory, defined-benefit pension plan covering substantially all lay employees. Benefits are provided through the Roman Catholic Archdiocese of Boston Pension Plan (the Plan). The plan is not subject to the Employee Retirement Income Security Act of 1974 (ERISA). Pension expense approximated \$234,000 and \$224,000 for the years ended June 30, 2011 and 2010, respectively.

Accumulated plan benefits information, as provided by consulting actuaries, has not been distinguished from the benefits of the other organizations participating in the multi-employer plan and, therefore, such information is not presented herein. The June 30, 2011 financial statements (the latest period available) of the Roman Catholic Archdiocese of Boston Pension Plan reflect the following:

Net assets available for benefits	\$284,500,000
Actuarial present value of accumulated plan benefits	<u>328,900,000</u>
Unfunded status	<u>(\$ 44,400,000)</u>

The Plan Trustees voted to amend the Plan to implement a hard freeze effective December 31, 2011. Under the provision of the amendment, any employee hired after December 1, 2010 would not be eligible to become a participant in the Plan. As of December 31, 2011, all participants will stop accruing benefits. Employees with five or more years of service will remain vested. Employees with at least one year of service as of December 31, 2011, will be allowed to continue to add years of service towards vesting after the freeze date. Voluntary lump sum distributions and monthly in-service annuities were also offered.

A new Archdiocese of Boston 401(k) Retirement Savings Plan will be available to eligible employees effective January 1, 2012.