Audited
Financial Statements

Boston Catholic
Television Center, Inc.

June 30, 2008

G.T. Reilly & Company
Certified Public Accountants/Business Consultants

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Internationally,
Moore Stephens Reilly, P.C.
Reilly Consulting Group, Inc.
ReillyTech
Reilly Benefits
Reilly Small Business Group

INDEPENDENT AUDITORS' REPORT

Board of Incorporators
Boston Catholic Television Center, Inc.

We have audited the accompanying statements of financial position of Boston Catholic Television Center, Inc. as of June 30, 2008 and 2007, and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Center'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 Boston Catholic Television Center, Inc. as of June 30, 2008 and 2007, and the results of its activities and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

G. T. Reilly & Company

G. T. Reilly & Company

Milton, Massachusetts
October 16, 2008

424 Adams Street
Milton, MA 02186-4358
617 696-8900
617 698-1803 fax
www.gtreilly.com

Boston Catholic Television Center, Inc.

Statements of Financial Position

June 30

	2008	2007
Assets		
Cash and cash equivalents (Note 1)	**$ 308,444**	$ 1,390,541
Accounts receivable, lessee (Note 4)	**-**	4,000
Accrued interest and dividends receivable	**198,128**	259,827
Investments at market value (Notes 1 & 2)	**20,008,231**	25,998,142
Prepaid expenses and other assets	**54,493**	72,681
Property and equipment, net (Notes 1 & 3)	**9,938,205**	357,907
Land and building under renovation (Note 3)	**-**	8,444,504
TOTAL ASSETS	**$ 30,507,501**	$ 36,527,602
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	**$ 214,620**	$ 425,847
Construction accounts payable and accrued costs (Note 3)	**44,043**	2,063,932
Due to affiliate (Note 7)	**135,737**	76,278
	394,400	2,566,057
Net Assets (Notes 1 & 8)		
Unrestricted	**24,204,913**	27,475,695
Temporarily restricted	**883,188**	1,460,850
Permanenty restricted	**5,025,000**	5,025,000
	30,113,101	33,961,545
TOTAL LIABILITIES AND NET ASSETS	**$ 30,507,501**	$ 36,527,602

The accompanying notes are an integral part of these financial statements.

Statements of Activities and Changes in Net Assets

	Year Ended June 30, 2008				Year Ended June 30, 2007			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS & OTHER SUPPORT:								
Contributions	**$ 1,369,864**	**$ 142,865**	**$ -**	**$ 1,512,729**	$ 1,447,077	$ 75,396	$ -	$ 1,522,473
Legacies and bequests	**638,403**	**4,521**	**-**	**642,924**	653,950	240,000	-	893,950
Investment income	**630,538**	**253,655**	**-**	**884,193**	887,623	247,531	-	1,135,154
Educational programming & broadcasting (Note 4)	**39,682**	**-**	**-**	**39,682**	48,000	-	-	48,000
Net assets released from restrictions through satisfaction of program restrictions (Note 8)	**336,056**	**(336,056)**		**-**	562,124	(562,124)	-	-
Net realized & unrealized (losses) gains on investments (Notes 1 & 2)	**(1,847,264)**	**(642,647)**	**-**	**(2,489,911)**	1,621,552	558,164	-	2,179,716
Other	**2,175**	**-**	**-**	**2,175**	33,605	-	-	33,605
TOTAL REVENUES, GAINS & OTHER SUPPORT	**1,169,454**	**(577,662)**	**-**	**591,792**	5,253,931	558,967	-	5,812,898
EXPENSES								
Salaries	**1,237,961**			**1,237,961**	1,106,106			1,106,106
Payroll taxes	**81,386**			**81,386**	72,282			72,282
Fringe Benefits	**225,322**			**225,322**	213,509			213,509
Fundraising	**80,705**			**80,705**	101,593			101,593
Broadcasting	**564,284**			**564,284**	498,969			498,969
Occupancy	**409,026**			**409,026**	744,149			744,149
Contract services	**235,887**			**235,887**	215,232			215,232
Supplies and materials	**303,847**			**303,847**	244,292			244,292
Maintenance of equipment	**77,391**			**77,391**	28,581			28,581
Postage	**57,763**			**57,763**	39,922			39,922
Legal and accounting	**122,187**			**122,187**	164,796			164,796
Service fees	**2,807**			**2,807**	2,381			2,381
Telephone	**68,567**			**68,567**	52,835			52,835
Depreciation and amortization	**349,341**			**349,341**	122,939			122,939
Contributions (Note 7)	**455,384**			**455,384**	-			-
Miscellaneous	**168,378**			**168,378**	111,247			111,247
TOTAL EXPENSES	**4,440,236**	**-**	**-**	**4,440,236**	3,718,833	-	-	3,718,833
(DECREASE) INCREASE IN NET ASSETS	**(3,270,782)**	**(577,662)**	**-**	**(3,848,444)**	1,535,098	558,967	-	2,094,065
NET ASSETS AT BEGINNING OF YEAR	**27,475,695**	**1,460,850**	**5,025,000**	**33,961,545**	25,940,597	901,883	5,025,000	31,867,480
NET ASSETS AT END OF YEAR	**$ 24,204,913**	**$ 883,188**	**$ 5,025,000**	**$ 30,113,101**	$ 27,475,695	$ 1,460,850	$ 5,025,000	$ 33,961,545

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

Year Ended June 30

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ (3,848,444)**	$ 2,094,065
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**349,341**	122,939
Donated equipment	**-**	(39,139)
(Gain) loss on disposal of leasehold improvements, vehicles and equipment	**-**	(30,000)
Net realized and unrealized losses (gains) on investments	**2,489,911**	(2,179,716)
Changes in operating assets and liabilities:		
Accounts receivable	**4,000**	4,200
Accrued interest and dividends receivable	**61,699**	22,840
Prepaid expenses and other assets	**18,188**	16,368
Accounts payable and accrued expenses	**(211,227)**	82,970
NET CASH PROVIDED FROM (APPLIED TO) OPERATING ACTIVITIES	**(1,136,532)**	94,527
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of securities	**3,500,000**	3,500,000
Land, building renovations and fixtures	**(3,318,793)**	(4,079,138)
Additions to equipment	**(186,231)**	(44,595)
Proceeds from sale of motor vehicle	**-**	30,000
NET CASH APPLIED TO INVESTING ACTIVITIES	**(5,024)**	(593,733)
CASH FLOWS FROM FINANCING ACTIIVITIES		
Increase in amount due to affiliate (Note 7)	**59,459**	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,082,097)**	(499,206)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,390,541**	1,889,747
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 308,444**	$ 1,390,541

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

June 30, 2008

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – Boston Catholic Television Center, Inc. (the Corporation) provides religious and educational television programming to the Roman Catholic community. Support for these services is provided by contributions from the general public.

Financial Statement Presentation - The Corporation reports information regarding its financial position and activities according to three classes of net assets as determined by donor-imposed restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets (see Note 8).

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.

Cash and Cash Equivalents - The Corporation considers short-term, highly-liquid investments with original maturities of three months or less at acquisition to be cash equivalents.

Investments - The Corporation reports investments in mutual funds at market value. The mutual funds' underlying assets are primarily equity and fixed income securities. Investments in domestic securities are valued at the mean between bid and asked price. For those securities whose prices are not available through independent pricing services, bid price quotations are obtained by the Custodian from principal market makers in those securities, or they are stated at fair value as determined in good faith by management. Investments in private investment entities are recorded at fair value based on the net assets value per share as reported by such entities. Increases or decreases in market value are reflected currently in the statement of activities and changes in net assets (see Note 2).

Property and Equipment – Property and equipment are stated at cost. Maintenance, repairs and minor renewals and additions are expensed as incurred whereas major renewals and betterments are capitalized. When an asset is retired or disposed of, the related costs and allowances for depreciation or amortization are removed from the accounts and any gain or loss on the disposition is reflected in the statement of activities. 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:

Assets	Estimated Useful Lives in Years
Building and renovations	40
Furniture, fixtures and equipment	7-10
Motor vehicles	5

Leasehold improvements on terminating leases have been amortized over the remaining terms of the lease (see Note 3).

Contributions and Donor Restrictions - Contributions receivable that are unconditional promises to give are recognized as revenues in the period made at their fair values. Those that are pledged or expected to be collected after one year or over a period of years are recorded at the discounted present value of expected future cash flows. Subsequent accruals of the "interest" element of the receivable are also recorded as contributions income.

Note 1 - Summary of Significant Accounting Policies (Cont.)

The Corporation reports contributions of cash or other assets as restricted support, thereby increasing temporarily restricted net assets, if they are received with donor stipulations that limit, specify or otherwise restrict the use of such contributions. When a donor restriction expires, either by use of the funds for the specified purpose or by the expiration of a time restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions (see Note 8).

Contributions received for the purpose of, or in connection with a campaign to raise funds for acquiring property or equipment, or renovating a facility, are reported as support, increasing temporarily restricted net assets. When the expenditures for the acquisition or renovations are incurred, the financial statements report a reduction in temporarily restricted net assets and an increase in unrestricted 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.

Under the provisions of Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations", and Massachusetts General Laws, unrealized gains or losses from endowment fund investments are reported as increases or decreases in temporarily restricted net assets unless the donor explicitly states otherwise (see Note 8).

Contributed Services - Contributions of services to the Corporation are recognized as support with an equal amount recognized as expense if the services provided require special skills and would need to be purchased by the Corporation if not contributed (see Note 6).

Income Tax Status - The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 2 - Investments

Investments consist of the following at June 30:

	2008		2007	
	Cost	**Market Value**	Cost	Market Value
Common Investment Fund, Roman Catholic Archbishop of Boston	**$14,728,577**	**$17,877,615**	$17,266,262	$23,383,976
Fixed Income Investment Fund, Roman Catholic Archbishop of Boston	**2,678,745**	**2,130,616**	2,678,745	2,614,166
	$17,407,302	**$20,008,231**	$19,945,007	$25,998,142

The investments in the Common Investment Fund, Roman Catholic Archbishop of Boston (the "Common Investment Fund"), and the Fixed Income Investment Fund, Roman Catholic Archbishop of Boston (the "Fixed Income Fund"), represent shares in mutual funds established by the Roman Catholic Archbishop of Boston, A Corporation Sole, to provide common investment pools in which it and other related entities may participate. The participants own units based upon a per-unit value at the time of purchase. The Common Investment Fund and the Fixed Income Fund incur service fees from the Corporation Sole for administrative and clerical services performed on behalf of the two funds. These fees are reflected in the calculation of the value per unit. Dividend income from these investments totaled $868,969 and $1,066,361 for the years ended June 30, 2008 and 2007, respectively.

Note 2 – Investments (Cont.)

The Center's investments (including investments bought, sold and held during the year) appreciated (depreciated) in value as follows during the years ended June 30:

	2008	2007
Common Investment Fund, Roman Catholic Archbishop of Boston	**$(2,006,361)**	$2,184,696
Fixed Income Investment Fund, Roman Catholic Archbishop of Boston	**(483,550)**	(4,980)
Net appreciation in fair value	**$(2,489,911)**	$2,179,716

Risks and Uncertainties – The Corporation's investments in mutual funds are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with these investment securities, and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the Statements of Financial Position and the Statement of Activities.

Subsequent Decline in Market Values of Investments – Since the date of the accompanying financial statements, June 30, 2008, the Corporation's investments depreciated in value by approximately $1.7 million (8%) through September 30, 2008 (including any gains and losses on investments bought and sold, as well as held during the period) as a result of a volatile stock market.

Note 3 – Property and Equipment

Property and equipment consist of the following at June 30:

	2008	2007
Land	**$ 440,663**	$ 0
Building and renovations	**6,166,405**	0
Furniture and fixtures	**3,136,340**	0
Leasehold improvements	**0**	348,730
Motor vehicle	**63,863**	63,863
Equipment	**8,187,100**	8,000,869
	17,994,371	8,413,462
Less accumulated provisions for depreciation and amortization	**8,056,166**	8,055,555
	$ 9,938,205	$ 357,907

In January of 2005, the Corporation purchased land and a building, consisting of a former convent, from St. Patrick's Parish in Watertown, Massachusetts (a parish included in the Roman Catholic Archdiocese of Boston) at a price of $1.5 million. In 2008, the Corporation completed the renovation of the land and building. The total cost of the purchase and renovation approximated $9.7 million. Construction was funded through contributions and investments of the Corporation.

Note 4 - Lease Commitments

As Lessee

The Corporation leases certain facilities and equipment under agreements expiring at various dates through the year 2010. Facility lease payments include base rent and parking plus tenant share of real estate taxes and common utilities. During 2007, the Corporation entered into a lease amendment since it moved out of its principal place of business in July, 2007 into corporate-owned facilities (Note 3). The agreement required the Corporation to pay the base rent through September, 2007 at which time it made a one-time payment of $325,000 in full satisfaction of all future payments required under the lease. This commitment was amortized over the remaining term of the lease expiring in 2008 with amortization of $243,750 recorded in 2007 and $81,250 recorded in 2008. Two of the leases related to equipment expired during 2007; the Corporation continues to lease this equipment on an at will basis and is currently negotiating for new contracts.

Note 4 - Lease Commitments (Cont.)

Future minimum lease commitments are as follows:

Year Ending June 30	
2009	17,000
2010	13,000
	$ 30,000

Rent expense under the terms of these leases approximated $284,000 and $725,000 for the years ended June 30, 2008 and 2007, respectively.

As Lessor

The Corporation is the lessor in an agreement whereby it leases certain of its excess capacity with respect to the Instructional Television Fixed Service channels licensed to it by the Federal Communications Commission. The agreement requires the lessee to pay a monthly fee based on the number of its service subscribers, subject to a current minimum monthly fee of $4,000 through April, 2008. For the years ended June 30, 2008 and 2007, the lease generated revenue of $40,000 and 48,000, respectively . In April 2008 the agreement was cancellled.

Note 5 - Employee Pension Plan

The Corporation participates in a multi-employer noncontributory employee retirement income plan, the Roman Catholic Archdiocese of Boston Pension Plan. The Plan provides defined benefits to participants upon retirement. The amount of the Corporation's annual contribution is actuarially determined and is accrued and funded annually. The relative position of the Corporation with regard to the plan's net assets and actuarial present value of accumulated plan benefits has not been distinguished from those of other groups participating in the retirement income plan.

Pension expense for the years ended June 30, 2008 and 2007 was approximately $68,000 and $64,000, respectively.

Note 6 - Contributed Services

For the years ended June 30, 2008 and 2007, the Corporation recorded contributions approximating $114,000 and $111,000, respectively, for the full-time services performed by the priest who serves as its director. This amount represents the estimated additional compensation that would be paid to a layperson performing the same services.

Note 7 - Related Party Transactions

During the years ended June 30, 2008 and 2007, the Corporation was charged $165,138 and $167,626, respectively, for health, life, disability and general insurance administered by the Roman Catholic Archbishop of Boston (RCAB), a Corporation Sole (an entity related by common board members).

During the year ended June 30, 2008 the Corporation contributed $250,000 to the RCAB Communications, an affiliate. In addition, during 2008, the Corporation agreed to pay for the RCAB's website. The total expense incurred relating to the website amounted to $205,384, including an accrued liability of $59,459 at June 30, 2008 to complete the website.

During fiscal 2002, the RCAB advanced funds totaling $128,060 to pay expenses on behalf of Boston Catholic Television, Inc. (named Boston Catholic Communications, Inc. at the time). As of June 30, 2008 and 2007, $76,278 of these amounts remain payable to the RCAB.

Note 8 – Restricted Net Assets

Permanently restricted net assets at June 30 are restricted to investment in perpetuity, the income from which is expendable to support:

	2008	2007
Religious programming and education	**$5,000,000**	$5,000,000
Sunday Masses	**20,000**	20,000
Masses	**5,000**	5,000
	$5,025,000	$5,025,000

Temporarily restricted net assets at June 30 consist of the following:

	2008	2007
Restricted for religious programming and education	**$ 59,337**	$ 63,431
Restricted for Masses	**297**	317
Restricted for a grant writer	**69,100**	0
Unrealized gains on investments related to permanently restricted net assets (Notes 1 & 2)	**754,454**	1,397,102
	$ 883,188	$1,460,850

During the years ended June 30, 2008 and 2007, net assets released from donor restrictions by incurring expenses or by the occurrence of other events satisfying the restricted purpose are as follows:

	2008	2007
Religious programming and education	**$ 256,488**	$ 243,842
Sunday Masses	**1,026**	975
Masses	**256**	1,911
Grant writer	**900**	0
Land and building renovations (Note 3)	**77,386**	315,396
	$ 336,056	$ 562,124

Note 9 - Financial Instruments and Concentrations

The Corporation's financial instruments that potentially subject it to concentrations of credit risk consist of cash, cash equivalents and investments.

The Corporation maintains its cash accounts in high quality financial institutions. At times, the amounts on deposit at any institution may be in excess of insured limits. At June 30, 2008, based on bank balances, cash in excess of the FDIC insurance limit approximated $176,000. The Corporation's cash equivalents consist of $54,000 in uninsured money market funds at June 30, 2008.

As more fully disclosed in Note 2, the Corporation's investments at June 30, 2008 consist of mutual funds administered by the Roman Catholic Archbishop of Boston in an amount approximating $20,008,000.