MARIAN HIGH SCHOOL, INC.

(A NON PROFIT CORPORATION)

FINANCIAL STATEMENTS

JUNE 30, 2005
INDEPENDENT AUDITORS’ REPORT

To the Board of Trustees
Marian High School, Inc.
273 Union Avenue
Framingham, MA 01701

We have audited the accompanying statement of financial position of Marian High School, Inc. (a nonprofit organization) as of June 30, 2005, and the related statements of activities and changes in unrestricted net assets and cash flows. 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 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 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 audit provides 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 Marian High School, Inc. as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Swartz, Polachek & Company, P.C.
Needham, Massachusetts
November 16, 2005
Marian High School, Inc.
Statement of Financial Position
June 30, 2005

Assets

Current Assets:
- Cash and Equivalents $573,593
- Accounts Receivable, Net 18,850
- Prepaid Expenses 2,810
  Total Current Assets 595,253

Total Assets $595,253

Liabilities and Net Assets

Current Liabilities:
- Accrued Expenses $173,384
- Advance Tuition and Fees 136,025
- Due to Affiliated Scholarship Funds 12,995
  Total Current Liabilities 322,404

Net Assets:
- Unrestricted $272,849

Total Net Assets 272,849

Total Liabilities and Net Assets $595,253

(The Accompanying Notes are an Integral Part of These Financial Statements).
Marian High School, Inc.
Statements of Activities
and Changes In Unrestricted Net Assets
For the Year Ended June 30, 2005

Tuition and Fees $ 1,952,468

Other Revenues:
  Contributions 666,424
  Student Activity Revenues 64,016
  Cafeteria Revenues 50,185
  Bingo Revenues 17,900
  Investment Income, Net 6,028
  Book Store Revenues 3,698
  Total Other Revenues 808,251

Net Revenues 2,760,719

Expenses:
  Compensation 1,491,874
  Employee Benefits 298,288
  Facility Expenses 211,187
  Activity Costs 112,670
  Telephone and Utilities 105,809
  Athletic Program Costs 80,559
  Cafeteria Expense 48,417
  Office Expense 34,420
  Printing and Duplication 23,446
  Computer Expense 20,977
  Promotional Costs 13,867
  Academic and Instructional Costs 12,171
  Postage 9,627
  Contract Services 5,498
  Dues and Subscriptions 5,453
  Professional Fees 3,169
  Book Sale Expense 3,029
  Other Operational Costs 7,409
  Total Expenses 2,487,870

Increase in Unrestricted Net Assets 272,849

Unrestricted Net Assets, Beginning

Unrestricted Net Assets, Ending $ 272,849

(The Accompanying Notes are an Integral Part of These Financial Statements).
Marian High School, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2005

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flows From Operating Activities</td>
<td></td>
</tr>
<tr>
<td>Increase in Net Assets</td>
<td>$ 272,849</td>
</tr>
<tr>
<td>Adjustments to Reconcile Change in Net Assets To</td>
<td></td>
</tr>
<tr>
<td>Net Cash Provided by Operating Activities:</td>
<td></td>
</tr>
<tr>
<td>Increase in Accounts Receivable, Net</td>
<td>(18,850)</td>
</tr>
<tr>
<td>Increase in Prepaid Expense</td>
<td>(2,810)</td>
</tr>
<tr>
<td>Increase in Accrued Expenses</td>
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</tr>
<tr>
<td>Increase in Advance Tuition and Fees</td>
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<tr>
<td>Increase in Due to Affiliated Scholarship Fund</td>
<td>12,995</td>
</tr>
<tr>
<td>Net Cash Provided By Operating Activities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>573,593</td>
</tr>
</tbody>
</table>

Cash And Equivalents, Beginning

Cash And Equivalents, Ending $ 573,593

(The Accompanying Notes are an Integral Part of These Financial Statements).
Note 1 - Nature of Organization

Marian High School, Inc. a nonprofit corporation, was incorporated in the Commonwealth of Massachusetts on February 4, 2004 and is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. The school is an independent organization providing educational instruction consistent with the education mission of the Roman Catholic Church, the Roman Catholic Archdiocese of Boston and the Roman Catholic Archbishop of Boston for students in grades nine through twelve.

Note 2 - Summary of Significant Accounting Policies

Use of Estimate. Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. 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 vary from the estimates that were used.

Basis of Presentation. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Accounting Method. The Financial Statements of the School have been prepared on the actual basis and the presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial statements of Not-for-Profit Organization. Under SFAS No.117, the School 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.

In addition to classifying the net assets as indicated above, the School also maintains its books and records on the principles of fund accounting. This is to insure observance of limitations and restrictions placed on the use of the resources available.

Cash and Cash Equivalents. The School considers all highly liquid investments with a maximum of three months or less when purchased to be cash equivalents. At June 30, 2005 the School had amounts on deposit with banks in excess of the federal deposit insurance limits.

Compensated Absences. The School has not accrued compensated absences since the amount cannot be reasonably estimated.
Note 2 - Summary of Significant Accounting Policies - Continued

Accounts Receivable. The School considers accounts receivable to be due in two equal installments prior to July 1st and November 1st of this year. Amounts collected for the 2005-2006 school year before the commencement of that academic period are recorded as current liabilities. The School considers its accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Note 3 - Pension Benefits

The School has a contributory tax-sheltered annuity plan covering substantially all full-time personnel who have completed one year of service. The School makes no matching contribution relating to this plan.

The School also participates in the Pension Plan of the Roman Catholic Archdiocese of Boston. This plan is non-contributory. Substantially all full-time personnel participate in the non-contributory plan. Employees become covered as participants on the first day of the first month next following the earlier of (i) completion of three years of service or (ii) attainment of age 21 and completion of either 1,000 hours of service during the first twelve months following date of hire or one year of service. Employees become fully vested upon completion of five years of service.

Note 4 - Due to Affiliated Scholarship Fund

Amounts have been received by Marian High School, Inc. that have been designated as amounts due to related scholarship programs. Such amounts are recorded as current liabilities.

Note 5 - Income Taxes

Marian High School, Inc. is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. The exemption is on all income except any unrelated business income as may be earned from time-to-time. Internal Revenue Code section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the operation of the School’s exempt purpose.