

THE MISSIONARY SOCIETY OF  
ST. JAMES THE APOSTLE

BOSTON, MASSACHUSETTS

FINANCIAL STATEMENTS,  
OTHER FINANCIAL INFORMATION  
AND INDEPENDENT AUDITORS' REPORTS

DECEMBER 31, 2005 AND 2004

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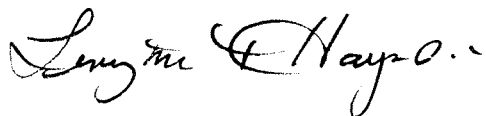
INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Board of Directors  
The Missionary Society of  
St. James the Apostle  
Boston, Massachusetts

We have audited the accompanying statements of financial position of The Missionary Society of St. James the Apostle as of December 31, 2005 and 2004, and the related statements of activities and of cash flows for the years then ended. These financial statements are the responsibility of the Society'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 The Missionary Society of St. James the Apostle as of December 31, 2005 and 2004, 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.



Wellesley, Massachusetts  
May 30, 2006

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Cash and cash equivalents	\$ 413,450	\$ 399,240
Investments	2,204,186	2,418,421
Prepaid expenses	2,138	4,793
Other receivables, net of allowance of \$101,200 at December 31, 2005 and 2004	46,843	42,632
Land, improvements and equipment, net	125,297	116,055
Other assets	<u>88,891</u>	<u>87,523</u>
TOTAL ASSETS	<u>\$2,880,805</u>	<u>\$3,068,664</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 15,792	\$ 15,416
Assigned gifts payable	50,887	17,222
Due to clergy and missions	<u>30,728</u>	<u>142,390</u>
TOTAL LIABILITIES	97,407	175,028
Net assets:		
Unrestricted	2,681,695	2,856,161
Temporarily restricted	<u>101,703</u>	<u>37,475</u>
TOTAL NET ASSETS	<u>2,783,398</u>	<u>2,893,636</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,880,805</u>	<u>\$3,068,664</u>

See accompanying notes to financial statements.

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005			2004		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Revenue and other support:						
Contributions	\$ 872,040	\$ 43,108	\$ 915,148	\$1,174,956	\$ 33,180	\$1,208,136
Bequests	<u>586,662</u>	<u>100,000</u>	<u>686,662</u>	<u>234,443</u>	<u>-</u>	<u>234,443</u>
	1,458,702	143,108	1,601,810	1,409,399	33,180	1,442,579
Investment income:						
Interest and dividends	84,529	-	84,529	80,785	-	80,785
Realized gains on investments	171,030	-	171,030	43,164	-	43,164
Unrealized (losses) gains on investments	<u>(60,123)</u>	<u>-</u>	<u>(60,123)</u>	<u>206,256</u>	<u>-</u>	<u>206,256</u>
	195,436	-	195,436	330,205	-	330,205
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,691</u>	<u>(69,691)</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	1,654,138	143,108	1,797,246	1,809,295	(36,511)	1,772,784
Expenses:						
Missions:						
Bolivia	80,119	-	80,119	86,239	-	86,239
Ecuador	602,146	-	602,146	330,618	-	330,618
Peru	508,393	-	508,393	486,974	-	486,974
General	<u>786</u>	<u>-</u>	<u>786</u>	<u>9,555</u>	<u>-</u>	<u>9,555</u>
TOTAL MISSIONS	1,191,444	-	1,191,444	913,386	-	913,386
Supporting services:						
Masses	-	78,880	78,880	-	41,201	41,201
Public relations	91,492	-	91,492	79,400	-	79,400
Recruiting	19,005	-	19,005	24,544	-	24,544
General and administration	476,220	-	476,220	467,046	-	467,046
Fund raising	<u>50,443</u>	<u>-</u>	<u>50,443</u>	<u>53,050</u>	<u>-</u>	<u>53,050</u>
TOTAL SUPPORTING SERVICES	<u>637,160</u>	<u>78,880</u>	<u>716,040</u>	<u>624,040</u>	<u>41,201</u>	<u>665,241</u>
TOTAL EXPENSES	<u>1,828,604</u>	<u>78,880</u>	<u>1,907,484</u>	<u>1,537,426</u>	<u>41,201</u>	<u>1,578,627</u>
CHANGE IN NET ASSETS	(174,466)	64,228	(110,238)	271,869	(77,712)	194,157
Net assets at beginning of year	<u>2,856,161</u>	<u>37,475</u>	<u>2,893,636</u>	<u>2,584,292</u>	<u>115,187</u>	<u>2,699,479</u>
NET ASSETS AT END OF YEAR	<u>\$2,681,695</u>	<u>\$ 101,703</u>	<u>\$2,783,398</u>	<u>\$2,856,161</u>	<u>\$ 37,475</u>	<u>\$2,893,636</u>

See accompanying notes to financial statements.

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Change in net assets	\$ (110,238)	\$ 194,157
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	5,545	29,441
Realized and unrealized gains on investments	(108,951)	(249,154)
Contributions - noncash	-	(90,023)
(Increase) decrease in:		
Prepaid expenses	2,655	16,091
Other receivables	(4,211)	(20,883)
Other assets	(1,368)	-
Increase (decrease) in:		
Accounts payable	376	(21,540)
Assigned gifts payable	33,665	(47,785)
Due to clergy and missions	(111,662)	(84,379)
TOTAL ADJUSTMENTS	<u>(183,951)</u>	<u>(468,232)</u>
NET CASH USED BY OPERATING ACTIVITIES	(294,189)	(274,075)
Cash flows from investing activities:		
Proceeds from sale of investments	400,000	-
Purchase of investments	(74,938)	(66,758)
Purchase of property and equipment	<u>(16,663)</u>	<u>(16,068)</u>
CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>308,399</u>	<u>(82,826)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,210	(356,901)
Cash and cash equivalents at beginning of year	<u>399,240</u>	<u>756,141</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 413,450</u>	<u>\$ 399,240</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest	\$ 960	\$ 960

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Missionary Society of St. James the Apostle ("the Society") is an association of diocesan priest volunteers sent to Churches in Peru, Bolivia and Ecuador. A summary of the significant accounting policies followed by the Society are described below:

Accrual Basis

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

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Society 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.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in bank and short-term highly liquid investments, with maturities at purchase of less than three months.

Investments

The Society records investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investments include cash and cash equivalents invested by investment advisors.

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2005 AND 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

The Society carries its receivables at cost less an allowance for doubtful accounts. On a periodic basis, the Society evaluates its receivables and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current conditions when deemed necessary.

Land, Improvements and Equipment

These assets are recorded at cost. Maintenance repairs and minor renewals are expensed as incurred and renewals and betterments are capitalized. When an asset is retired or disposed of, the related costs and accumulated depreciation or amortization are removed from the accounts and any gain or loss on the disposition is reflected in operations in the year in which the disposition took place. Provision is made on the straight-line method for depreciation and amortization by annual charges to operations calculated to absorb the costs over the estimated useful lives of the assets.

The estimated useful lives of these assets are as follows:

Building improvements - 20 years  
Leasehold improvements - 10 years  
Equipment - 5 years  
Vehicle - 5 years

Pension Plan

The Society's employees participate in a non-contributory retirement income plan administered by the Roman Catholic Archdiocese of Boston Pension Trust. The Plan provides defined benefits to participants upon retirement. The amount of the Society's annual contribution is actuarially determined and is funded annually. Vested benefits of the Society's employees have not been distinguished from the benefits of other groups participating in the retirement income plan.

Tax Status

The Society is exempt from income taxes under Section 501(c)3 of the U.S. Internal Revenue Code, and is determined to be an organization which is not a private foundation.



THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2005 AND 2004

NOTE B - INVESTMENTS

Investments, at fair values, at December 31, 2005 and 2004 are as follows:

	2005		2004	
	COST	MARKET	COST	MARKET
Cash and cash equivalents	\$ 226,958	\$ 227,250	\$ 339,745	\$ 335,415
U.S. Government and other bonds	944,349	950,883	810,268	843,926
Common and preferred stocks	<u>733,082</u>	<u>1,026,053</u>	<u>908,489</u>	<u>1,239,080</u>
	<u>\$1,904,389</u>	<u>\$2,204,186</u>	<u>\$2,058,502</u>	<u>\$2,418,421</u>

NOTE C - LAND, IMPROVEMENTS AND EQUIPMENT

Land, improvements and equipment at December 31, 2005 and 2004 are as follows:

	2005	2004
Land	\$ 57,500	\$ 57,500
Building improvements	125,700	125,700
Leasehold improvements	161,803	161,803
Equipment	88,170	164,914
Vehicles	<u>32,254</u>	<u>18,091</u>
	465,427	528,008
Less accumulated depreciation and amortization	<u>340,130</u>	<u>411,953</u>
	<u>\$125,297</u>	<u>\$116,055</u>

NOTE D - OTHER ASSETS

Other assets at December 31, 2005 and 2004 consist of two parcels of land and one insurance policy donated to the Society as follows:

	2005	2004
Land - Florida	\$ 45,000	\$ 45,000
Land - New Jersey	20,000	20,000
Insurance cash surrender value	<u>23,891</u>	<u>22,523</u>
	<u>\$ 88,891</u>	<u>\$ 87,523</u>

NOTE E - PENSION EXPENSE

Pension expense for the years ended December 31, 2005 and 2004 was \$8,504 and \$5,990, respectively.

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2005 AND 2004

NOTE F - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of unspent funds received from donors for the purpose of saying masses, and for food and medicine in South America.

NOTE G - CONCENTRATIONS OF CREDIT RISK

Funds on deposit with a major banking institution were in excess of the insured limit by approximately \$416,600 and \$331,700 at December 31, 2005 and 2004, respectively.

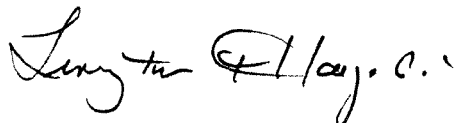
OTHER FINANCIAL INFORMATION

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INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

To the Board of Directors  
The Missionary Society of  
St. James the Apostle  
Boston, Massachusetts

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following schedules of revenue and other support, mission expenses and supporting services expenses 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 basic financial statements taken as a whole.



Wellesley, Massachusetts  
May 30, 2006

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

SCHEDULES OF REVENUE AND OTHER SUPPORT

YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005			2004		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Contributions:						
Friends (1)	\$ 296,520	\$ -	\$ 296,520	\$ 322,027	\$ -	\$ 322,027
Parish appeals	256,799	-	256,799	314,386	-	314,386
General	79,585	-	79,585	276,033	-	276,033
Banquet - Boston	80,000	-	80,000	85,000	-	85,000
Banquet - Chicago	57,456	-	57,456	59,226	-	59,226
Participating Bishops (2)	44,565	-	44,565	52,342	-	52,342
Christmas Novena	19,336	-	19,336	21,788	-	21,788
Easter Novena	19,458	-	19,458	20,018	-	20,018
Tithing	14,633	-	14,633	18,413	-	18,413
Twining	2,200	-	2,200	3,600	-	3,600
Recruiting mailing	1,136	-	1,136	1,863	-	1,863
Enrollments	352	-	352	260	-	260
Masses	-	43,108	43,108	-	33,180	33,180
	872,040	43,108	915,148	1,174,956	33,180	1,208,136
Bequests	586,662	100,000	686,662	234,443	-	234,443
	1,458,702	143,108	1,601,810	1,409,399	33,180	1,442,579
Investment income:						
Interest and dividends	84,529	-	84,529	80,785	-	80,785
Realized and unrealized gains on investment transactions	110,907	-	110,907	249,420	-	249,420
	195,436	-	195,436	330,205	-	330,205
TOTAL REVENUE AND OTHER SUPPORT BEFORE NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$1,654,138</u>	<u>\$143,108</u>	<u>\$1,797,246</u>	<u>\$1,739,604</u>	<u>\$ 33,180</u>	<u>\$1,772,784</u>

(1) These are supporters who receive the Society's monthly newsletter and return envelope and contribute by mail.

(2) These are dioceses that reimburse the Society for the cost of maintaining the priest(s) of their diocese in the missions. Normally they provide the Society \$10,000 per year, per priest.

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

SCHEDULES OF MISSION EXPENSES

YEARS ENDED DECEMBER 31, 2005 AND 2004

	BOLIVIA		ECUADOR		PERU		GENERAL		TOTALS	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
UNRESTRICTED										
Salaries	\$ 21,790	\$ 23,895	\$ 71,685	\$ 64,772	\$ 91,977	\$116,467	\$ -	\$ -	\$ 185,452	\$ 205,134
Budget	7,200	9,600	114,420	97,200	78,288	59,900	-	-	199,908	166,700
Center House	17,453	11,515	15,600	19,968	96,758	95,778	-	-	129,811	127,261
Medical	(1,303)	9,149	17,428	24,607	3,426	17,210	-	-	19,551	50,966
Travel	10,558	13,137	21,996	8,089	17,798	30,613	-	-	50,352	51,839
Telephone and cables	132	-	4,800	4,800	1,120	-	-	-	6,052	4,800
Vehicles, net of revenues derived										
from sale of vehicles	3,720	4,750	51,627	12,474	515	21,362	-	-	55,862	38,586
Housing, new and repairs	205	894	92,200	-	7,822	9,953	-	-	100,227	10,847
Household articles	-	315	5,932	-	-	-	-	-	5,932	315
Language school	-	1,286	-	-	-	-	786	9,555	786	10,841
Office	190	-	-	-	328	791	-	-	518	791
Insurance	-	-	-	-	3,113	-	-	-	3,113	-
Retreat	-	-	-	170	1,718	-	-	-	1,718	170
Miscellaneous	-	698	1,065	(184)	-	300	-	-	1,065	814
Meeting	-	-	3,393	-	2,500	2,000	-	-	5,893	2,000
Legal	-	-	-	-	838	-	-	-	838	-
Donations	-	-	-	-	2,850	1,600	-	-	2,850	1,600
Taxes	-	-	-	-	768	-	-	-	768	-
Service	-	-	-	-	5,166	-	-	-	5,166	-
Special projects	20,174	11,000	202,000	98,722	193,408	131,000	-	-	415,582	240,722
TOTALS	<u>\$ 80,119</u>	<u>\$ 86,239</u>	<u>\$602,146</u>	<u>\$330,618</u>	<u>\$508,393</u>	<u>\$486,974</u>	<u>\$ 786</u>	<u>\$ 9,555</u>	<u>\$1,191,444</u>	<u>\$ 913,386</u>

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

SCHEDULES OF SUPPORTING SERVICES EXPENSES

YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005			2004		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
MASSES	\$ -	\$ 78,880	\$ 78,880	\$ -	\$ 41,201	\$ 41,201
PUBLIC RELATIONS						
Purchased services	\$ 74,256	\$ -	\$ 74,256	\$ 71,817	\$ -	\$ 71,817
Postage	17,236	-	17,236	7,583	-	7,583
TOTAL PUBLIC RELATIONS	\$ 91,492	\$ -	\$ 91,492	\$ 79,400	\$ -	\$ 79,400
RECRUITING						
Service	\$ 6,034	\$ -	\$ 6,034	\$ 8,349	\$ -	\$ 8,349
Travel	4,604	-	4,604	6,935	-	6,935
Advertising	3,803	-	3,803	5,556	-	5,556
Promotion	-	-	-	2,766	-	2,766
Mailing	4,564	-	4,564	938	-	938
TOTAL RECRUITING	\$ 19,005	\$ -	\$ 19,005	\$ 24,544	\$ -	\$ 24,544
GENERAL AND ADMINISTRATION						
Salaries	\$147,636	\$ -	\$147,636	\$189,793	\$ -	\$189,793
Purchased services	84,377	-	84,377	49,750	-	49,750
Boston Center House	49,925	-	49,925	31,034	-	31,034
Depreciation and amortization	5,545	-	5,545	29,441	-	29,441
Insurance	32,775	-	32,775	27,495	-	27,495
Rent	20,500	-	20,500	18,000	-	18,000
Travel	11,255	-	11,255	17,407	-	17,407
Legal and audit	11,400	-	11,400	10,850	-	10,850
Payroll taxes	11,199	-	11,199	9,983	-	9,983
Fringe benefits	8,504	-	8,504	5,990	-	5,990
Supplies	1,250	-	1,250	1,674	-	1,674
Interest	960	-	960	960	-	960
Donations	1,500	-	1,500	500	-	500
Miscellaneous	89,394	-	89,394	74,169	-	74,169
TOTAL GENERAL AND ADMINISTRATION	\$476,220	\$ -	\$476,220	\$467,046	\$ -	\$467,046
FUND RAISING						
Banquet - Chicago	\$ 18,258	\$ -	\$ 18,258	\$ 18,453	\$ -	\$ 18,453
Preaching travel	17,469	-	17,469	13,266	-	13,266
Christmas Novena	6,573	-	6,573	6,710	-	6,710
Easter Novena	6,110	-	6,110	6,440	-	6,440
Fundraising	-	-	-	5,369	-	5,369
Banquet - Boston	2,033	-	2,033	2,812	-	2,812
TOTAL FUND RAISING	\$ 50,443	\$ -	\$ 50,443	\$ 53,050	\$ -	\$ 53,050