

**NORTH CAMBRIDGE CATHOLIC CORPORATE
WORK STUDY PROGRAM, INC.**

**FINANCIAL STATEMENTS
AND ACCOMPANYING INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006
(WITH COMPARATIVE TOTALS FOR 2005)**

(WITH INDEPENDENT AUDITOR'S REPORT THEREON)

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statement of financial position	2
Statement of activities	3
Statement of cash flows	4
Notes to financial statements	5-8
INDEPENDENT AUDITOR'S REPORT ON ACCOMPANYING INFORMATION	9
ACCOMPANYING INFORMATION:	
Schedule of program expenses	10
Schedule of general and administrative expenses	11

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF TRUSTEES

North Cambridge Catholic Corporate Work Study Program, Inc.
Cambridge, Massachusetts

We have audited the accompanying statement of financial position of North Cambridge Catholic Corporate Work Study Program, Inc. (a not-for-profit corporation) as of June 30, 2006, and the related statements of activities and cash flows for the year 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 audit. The prior year summarized comparative information has been derived from the Corporation's 2005 financial statements and, in our report dated August 24, 2005, we expressed an unqualified opinion on those financial statements.

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 North Cambridge Catholic Corporate Work Study Program, Inc. as of June 30, 2006, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountants, Inc.

August 1, 2006

NORTH CAMBRIDGE CATHOLIC CORPORATE WORK STUDY PROGRAM, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2006

(With Comparative Amounts for 2005)

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 329,518	\$ 95,545
Accounts receivable	36,500	34,983
Prepaid expenses	1,492	1,819
Equipment less accumulated depreciation of \$14,350 and \$5,950 for 2006 and 2005 respectively	27,650	36,050
Total assets	<u>\$ 395,160</u>	<u>\$ 168,397</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 210	\$ 641
Deferred revenue	56,250	30,000
Total liabilities	56,460	30,641
Net Assets:		
Unrestricted	338,700	137,437
Temporarily restricted	--	319
Total net assets	<u>338,700</u>	<u>137,756</u>
Total liabilities and net assets	<u>\$ 395,160</u>	<u>\$ 168,397</u>

See accompanying notes to financial statements.

NORTH CAMBRIDGE CATHOLIC CORPORATE WORK STUDY PROGRAM, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

(With Comparative Amounts for 2005)

	2006			2005 Totals
	Unrestricted	Temporarily Restricted	Total	
Revenues:				
Sponsor contracts	\$ 1,097,954	\$ --	\$ 1,097,954	\$ 933,091
Grants and contributions	16,801	--	16,801	5,336
Net assets released from restrictions through satisfaction of program restrictions	319	(319)	--	--
Total revenues	<u>1,115,074</u>	<u>(319)</u>	<u>1,114,755</u>	<u>938,427</u>
Expenses:				
Program	674,641	--	674,641	632,279
General and administrative	239,170	--	239,170	217,377
Total expenses	<u>913,811</u>	<u>--</u>	<u>913,811</u>	<u>849,656</u>
CHANGE IN NET ASSETS	201,263	(319)	200,944	88,771
NET ASSETS, beginning of year	137,437	319	137,756	--
Transfer of assets pursuant to asset transfer agreement (Note G)	--	--	--	48,985
NET ASSETS, end of year	<u>\$ 338,700</u>	<u>\$ --</u>	<u>\$ 338,700</u>	<u>\$ 137,756</u>

See accompanying notes to financial statements.

NORTH CAMBRIDGE CATHOLIC CORPORATE WORK STUDY PROGRAM, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2006

(With Comparative Amounts for 2005)

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 200,944	\$ 88,771
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,400	5,950
(Increase) decrease in assets:		
Accounts receivable	(1,517)	(34,983)
Prepaid expenses	327	(1,819)
Increase (decrease) in liabilities:		
Accounts payable	(431)	641
Deferred revenue	26,250	30,000
Total adjustments	<u>33,029</u>	<u>(211)</u>
Net cash provided by operating activities	<u>233,973</u>	<u>88,560</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	<u>--</u>	<u>(42,000)</u>
Net cash used by investing activities	<u>--</u>	<u>(42,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Transfer of assets pursuant to asset transfer agreement (Note G)	<u>--</u>	<u>48,985</u>
Net cash provided by financing activities	<u>--</u>	<u>48,985</u>
NET INCREASE IN CASH	233,973	95,545
CASH, beginning of year	<u>95,545</u>	<u>--</u>
CASH, end of year	<u><u>\$ 329,518</u></u>	<u><u>\$ 95,545</u></u>

See accompanying notes to financial statements.

NORTH CAMBRIDGE CATHOLIC CORPORATE WORK STUDY PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

A. Organization:

North Cambridge Catholic Corporate Work Study Program, Inc. (the Corporation) was incorporated in February 2004, with the following purposes:

- a. To support and assist North Cambridge Catholic High School, Inc. in fulfilling the education mission of the Cristo Rey Network, The Roman Catholic Church, the Roman Catholic Archdiocese of Boston, and the Roman Catholic Archbishop of Boston.
- b. To develop, implement, manage and oversee corporate internship and/or work study programs to enable students enrolled at North Cambridge Catholic High School, Inc. to pay a portion of their tuition and to gain hands-on business work experience; and
- c. To exclusively perform religious, educational and charitable activities in support of North Cambridge Catholic High School, Inc., the Roman Catholic Church, the Roman Catholic Archdiocese of Boston, and the Roman Catholic Archbishop of Boston.

Members of the Corporation include the Chairman (Archbishop of the Archdiocese of Boston), the Secretary of Education of the 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.

B. Summary of Significant Accounting Policies:

Basis of accounting:

The Corporation prepares its financial statements in accordance with generally accepted accounting principles. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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.

NORTH CAMBRIDGE CATHOLIC CORPORATE WORK STUDY PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

(continued)

B. Summary of Significant Accounting Policies – (continued):

Basis of presentation:

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Unrestricted net assets:

Unrestricted net assets represent those assets which the Corporation may use at its discretion.

Restricted gains and investment income and donor-restricted contributions whose restrictions are met in the same reporting period are classified as unrestricted.

Temporarily restricted net assets:

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met whether by actions of the Corporation and/or the passage of time.

Permanently restricted net assets:

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Corporation. Generally, the donors of these assets permit the Corporation to use all or part of the income earned on related investments for general or specific purposes. The Corporation had no permanently restricted net assets at June 30, 2006.

Comparative financial information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2005 from which the summarized information was derived.

NORTH CAMBRIDGE CATHOLIC CORPORATE WORK STUDY PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

(continued)

B. Summary of Significant Accounting Policies – (continued):

Sponsor contracts:

Sponsor contract revenue is recognized ratably over the term of the contract which coincides with services performed by students of North Cambridge Catholic High School, Inc.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Accounts receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a debit to provision for uncollectible accounts and a credit 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 debit to the valuation allowance and a credit to accounts receivable. As of June 30, 2006, an allowance for uncollectible accounts was not deemed necessary.

Equipment:

Equipment is recorded at cost. Depreciation is being provided by use of the straight-line method over the estimated useful lives of the respective assets.

Deferred revenue:

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

Income tax status:

The Corporation is recognized as an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax.

NORTH CAMBRIDGE CATHOLIC CORPORATE WORK STUDY PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

(continued)

C. Net Assets:

Temporarily restricted net assets:

There are no temporarily restricted net assets at June 30, 2006. Temporarily restricted net assets at June 30, 2005, was comprised of \$319 restricted by a donor for transporting students to and from work sites and other school-related activities.

D. Functional Allocation of Expenses:

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

E. Related Party Transactions:

During the year ended June 30, 2006, the Corporation paid \$550,000 of support to North Cambridge Catholic High School, Inc.; a related party, which is included in the accompanying statement of activities under the caption program expenses.

During the year ended June 30, 2006, the Corporation recognized \$125,000 of sponsor contract revenue from businesses affiliated with members of the Board of Trustees.

F. Concentration of Credit Risk:

The Corporation maintains cash balances at a financial institution located in eastern Massachusetts. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2006, the Corporation's uninsured cash balances totaled approximately \$235,000.

G. Asset Transfer Agreement:

The Corporation entered into an Asset Transfer Agreement on June 30, 2004 with the Roman Catholic Archdiocese of Boston, a related party, in which the Archdiocese agreed to transfer \$103,985 to the Corporation. These funds were received by the Corporation during the year ended June 30, 2005 and recorded as follows:

Deferred revenues	\$	55,000
Unrestricted net assets		200
Temporarily restricted net assets		48,785
	\$	<u>103,985</u>

INDEPENDENT AUDITOR'S REPORT ON ACCOMPANYING INFORMATION

THE BOARD OF TRUSTEES

North Cambridge Catholic Corporate Work Study Program, Inc.
Cambridge, Massachusetts

Our report on our audit of the basic financial statements of North Cambridge Catholic Corporate Work Study Program, Inc. for the year ended June 30, 2006 appears on page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information for the year ended June 30, 2006 on pages 10 and 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit 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. The prior year summarized accompanying information has been derived from the Corporation's 2005 financial statements and, in our report dated August 24, 2005, we expressed an unqualified opinion on those financial statements.



Certified Public Accountants, Inc.

August 1, 2006

NORTH CAMBRIDGE CATHOLIC CORPORATE WORK STUDY PROGRAM, INC.

SCHEDULE OF PROGRAM EXPENSES

YEAR ENDED JUNE 30, 2006

(With Comparative Amounts for 2005)

	<u>2006</u>	<u>2005</u>
Support payments to North Cambridge Catholic High School, Inc.	\$ 550,000	\$ 510,000
Leased buses	57,276	76,095
Transportation	21,058	9,307
Bus drivers	15,546	3,330
Student training and seminars	12,173	15,819
Depreciation	8,400	5,390
Sponsor events	5,510	4,596
Recruiting	3,990	3,440
Other	688	3,195
Bus monitors	--	1,107
	<u>\$ 674,641</u>	<u>\$ 632,279</u>

See independent auditor's report on accompanying information.

NORTH CAMBRIDGE CATHOLIC CORPORATE WORK STUDY PROGRAM, INC.

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES

YEAR ENDED JUNE 30, 2006

(With Comparative Amounts for 2005)

	<u>2006</u>	<u>2005</u>
Salaries	\$ 172,469	\$ 164,596
Fringe benefits	42,474	31,341
Professional fees	8,000	2,635
Miscellaneous	7,761	4,596
Telephone	4,201	5,748
Insurance	3,838	4,375
Office supplies	427	4,086
	<u>\$ 239,170</u>	<u>\$ 217,377</u>

See independent auditor's report on accompanying information.