

**BISHOP FENWICK
HIGH SCHOOL, INC.**

FINANCIAL STATEMENTS

BISHOP FENWICK HIGH SCHOOL, INC.

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June 30, 2007 and 2006**

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Grandmaison Tripoli, LLP

CERTIFIED PUBLIC ACCOUNTANTS
and BUSINESS ADVISORS

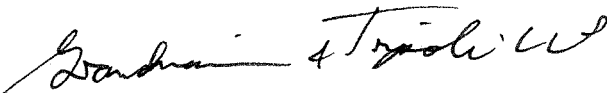
Independent Auditors' Report

We have audited the accompanying statements of financial position of Bishop Fenwick High School, Inc. (the "Corporation") as of June 30, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. 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 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 Bishop Fenwick High School, Inc. as of June 30, 2007 and 2006, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Statement of General and Administrative Expenses on page 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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.



Grandmaison & Tripoli, LLP
Danvers, MA
December 2, 2007

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BISHOP FENWICK HIGH SCHOOL, INC.
 Statements of Financial Position
 June 30, 2007 and 2006

	2007	2006
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,436,958	\$ 2,492,904
Accounts Receivable, Net Realizable Value	58,321	62,207
Inventories	11,470	9,897
Other Assets	38,653	27,823
Total Current Assets	2,545,402	2,592,831
Property, Plant and Equipment		
Land, Building and Equipment, Net	919,342	407,151
Total Property, Plant and Equipment	919,342	407,151
Long Term Investments		
Investments	1,845,526	1,693,002
Total Long Term Investments	1,845,526	1,693,002
Total Assets	\$ 5,310,270	\$ 4,692,984
LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 187,308	\$ 73,515
Accrued Expenses	465,690	374,321
Other Current Liabilities	213	9,305
Total Current Liabilities	653,211	457,141
Deferred Revenue		
Deferred Revenue	895,355	928,487
Total Liabilities	1,548,566	1,385,628
Net Assets		
Unrestricted	3,416,540	2,957,606
Temporarily Restricted	195,712	232,242
Permanently Restricted	149,452	117,508
Total Net Assets	3,761,704	3,307,356
Total Liabilities and Net Assets	\$ 5,310,270	\$ 4,692,984

See accountants' report and notes to the financial statements.

BISHOP FENWICK HIGH SCHOOL, INC.
 Statements of Activities
 For the Year Ended June 30, 2007
 (With summarized information for the year ended June 30, 2006)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2007	2006
Revenues, Gains and Other Support					
Tuition and Fees	\$ 5,475,507	\$ -	\$ -	\$ 5,475,507	\$ 5,574,450
Less Financial Aid	(280,805)	-	-	(280,805)	(272,000)
Total Revenues, Gains and Other Support	5,194,702	-	-	5,194,702	5,302,450
Contributions					
Donated Services and Equipment	53,329	-	-	53,329	49,366
Catholic School Foundation	102,000	-	-	102,000	102,000
Other	651,672	-	-	651,672	91,093
Total Contributions	807,001	-	-	807,001	242,459
Other					
Interest Income	100,710	-	-	100,710	111,142
Unrealized Gain On Investment	119,056	52,979	31,944	203,979	32,676
Realized Gain On Investment	4,988	-	-	4,988	61,590
Auxiliary Services	316,051	-	-	316,051	328,387
Rental Income	3,842	-	-	3,842	5,684
Other Programs	45,185	5,147	-	50,332	61,326
Net Assets Released From Restriction	94,656	(94,656)	-	-	-
Total Other	684,488	(36,530)	31,944	679,902	600,805
Program Services					
Instruction/Student Activities	3,987,033	-	-	3,987,033	3,842,447
Auxiliary Services	296,070	-	-	296,070	346,209
Other Programs	58,401	-	-	58,401	26,593
Total Program Services	4,441,504	-	-	4,441,504	4,215,249
Supporting Services					
General and Administrative	1,397,935	-	-	1,397,935	1,474,734
Fundraising	387,818	-	-	387,818	275,024
Total Supporting Services	1,785,753	-	-	1,785,753	1,749,758
Change in Net Assets	458,934	(36,530)	31,944	454,348	180,707
Net Assets, Beginning of Year	2,957,606	232,242	117,508	3,307,356	3,126,649
Net Assets, End of Year	\$ 3,416,540	\$ 195,712	\$ 149,452	\$ 3,761,704	\$ 3,307,356

See accountants' report and notes to the financial statements.

BISHOP FENWICK HIGH SCHOOL, INC.
 Statements of Cash Flow
 For the Years Ended June 30, 2007 and 2006

	2007	2006
Cash Flows From Operating Activities		
Change in Net Assets	\$ 454,348	\$ 180,707
Adjustments To Reconcile Net Income (loss) To Net Cash Provided		
By (used by) Operating Activities:		
Unrealized Gain On Investment	(203,979)	(32,676)
Increase (decrease) In Deferred Revenue	(33,132)	(431,218)
Depreciation and Amortization	149,655	158,221
(Gain) Loss On Disposal of Property	-	13,627
(Increase) Decrease In Accounts Receivable	3,886	(3,155)
(Increase) Decrease In Inventories	(1,573)	(9,897)
(Increase) Decrease In Other Assets	(10,830)	4,960
Increase (decrease) In Accounts Payable	113,793	69,126
Increase (decrease) In Accrued Expenses	91,368	(184,894)
Increase (decrease) In Other Liabilities	(9,091)	9,305
Total Adjustments	100,097	(406,601)
Net Cash Provided By (used in) Operating Activities	554,445	(225,894)
Cash Flows From Investing Activities		
Purchase/Donation of Equipment	(661,846)	(187,898)
Investment Activities	51,455	(21,362)
Net Cash Provided By (used in) Investing Activities	(610,391)	(209,260)
Cash Flows From Financing Activities		
Net Cash Provided By (used in) Financing Activities	-	-
Net Increase (decrease) In Cash and Cash Equivalents	(55,946)	(435,154)
Cash and Cash Equivalents At Beginning of Year	2,492,904	2,928,058
Cash and Cash Equivalents At End of Year	\$ 2,436,958	\$ 2,492,904

See accountants' report and notes to the financial statements.

BISHOP FENWICK HIGH SCHOOL, INC.
Notes to Financial Statements

NOTE A – NATURE OF ORGANIZATION

Bishop Fenwick High School, Inc. is a Catholic College Preparatory High School which provides young men and women with a nurturing environment, rooted in the Gospel message of Jesus Christ, while challenging and enhancing the personal development of each individual on a spiritual, intellectual and emotional level.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of the High School have been prepared on the accrual basis of accounting. A summary of the High School's significant accounting policies are described below:

The High School reports three classes of net assets and the changes in those net assets in the statement of financial position and a statement of activities, respectively. The three classes of net assets – unrestricted, temporarily restricted and permanently restricted – are based on the existence or absence of donor-imposed restrictions, either explicit or implicit. The three classifications are defined as follows:

Unrestricted net assets – Assets and contributions that are not restricted by the donor or for which restrictions have expired.

Temporarily restricted net assets – Donated assets that can be used or expended by the High School according to donor-imposed restrictions. Certain restricted contributions are recorded as unrestricted assets if they were received in the current year and the restrictions are satisfied in that same year.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the High School. Generally, the donors of these assets permit the High School to use all, or in part, of the income earned on related investments for general or specific purposes.

BISHOP FENWICK HIGH SCHOOL, INC.
Notes to Financial Statements

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

The High School reports gifts of cash and other assets as restricted support if they were received with donor stipulations that limit the use of the donated assets. When a donor 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. Gifts received without donor stipulations are recognized at fair value in the period that the promise is made. Conditional promises to give are not included in the support until the conditions are substantially met.

Net assets released from restrictions were as follows at June 30:

	2007	2006
Scholarships	\$ <u> </u>	\$ <u>-</u>

Temporarily restricted net assets have purpose restrictions as follows at June 30:

	2007	2006
Scholarship Funds	<u>\$195,712</u>	<u>\$232,242</u>

Accumulated unspent gains on permanently restricted net assets are reflected as temporarily restricted net assets. In the event that losses exceed the accumulated gains, such amounts are charged to unrestricted net assets in the period incurred.

Permanently restricted net assets have purpose restrictions as follows at June 30:

	2007	2006
Scholarship Funds	<u>\$149,452</u>	<u>\$117,508</u>

BISHOP FENWICK HIGH SCHOOL, INC.
Notes to Financial Statements

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Cash Equivalents

The High School considers highly liquid investments with maturities of three months or less at purchase to be cash equivalents. Additionally a Sweep Investment account totaling approximately \$2,068,350 and \$1,903,508 at June 30, 2007 and 2006 respectively. These accounts exceed the limit of FDIC insured accounts.

Land, Buildings and Equipment

Land, buildings and equipment are stated at cost or if received by gift, the fair market value on the date of receipt. Purchases and gifts of long lived assets are capitalized if they exceed \$1,500. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets using the following lives:

Building and improvements	45 years
Land improvements	10 years
Furniture and fixtures	7 years
Office, computer equipment and vehicles	5 years
Computer software	3 years

Investments

The High School's investments are carried at fair value. Accordingly, changes in market value are reflected in the statement of activities as gains or losses on investments.

Investments include holdings in the Common Investment Fund, Roman Catholic Archbishop of Boston (the "Common Investment Fund"), a separate related entity established to provide a common investment pool in which the High School and other related entities may participate. The Common Investment Fund invests primarily in equity and fixed-income securities (U.S. Government securities and corporate bonds). The participants own units based upon a per-unit value at the time of purchase. The Common Investment Fund incurs service fees from the Roman Catholic Archbishop of Boston, A Corporation Sole for administrative and clerical services performed on behalf of the Common Investment Fund. These fees are reflected in the calculation of the value per unit.

BISHOP FENWICK HIGH SCHOOL, INC.
Notes to Financial Statements

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Investments (Continued)

At the High School's discretion, they may elect annually to receive a quarterly distribution from the Common Investment Fund equaling 1% (4% annually) at the prior quarter's fair market value.

Beginning in fiscal year 2005 holdings have been established at LPL Financial Services. These holdings consisted primarily of money market funds, mutual funds, corporate bonds, and government and agency bonds. During fiscal year 2007 funds have sold and the entire balance in the account is invested in a money market account. These funds are unrestricted and held solely for the benefit of the High School. A fee of \$2,037 and \$7,833 was paid in 2007 and 2006 respectively.

Deferred Revenue

Deferred revenue results from the High School recognizing registration and tuition revenue in the period in which the related educational instruction is performed. Accordingly, registration and tuition fees received for the next school term are deferred until the instruction period commences.

Financial Aid

Tuition and fees reflect the High School's gross nominal tuition rates for all students. Financial aid is reported as a reduction in gross tuition and fees.

Donated Services and Equipment

Donated services have been recorded for the full-time services performed by the religious and clergy in the High Schools. This amount represents an approximation of the difference in actual compensation paid to the religious and clergy, and the compensation paid to lay individuals performing similar services. Donated services were used substantially for program activities.

Donated equipment is recorded at fair market value on the date received.

BISHOP FENWICK HIGH SCHOOL, INC.
Notes to Financial Statements

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Catholic School Foundation

The Catholic School Foundation is an affiliated organization of the Archdiocese that provides support in the way of contributions to the High School.

Auxiliary Services Revenue

Auxiliary services revenue includes activities related to bookstore, school store, and food services provided by the High School. Auxiliary services revenue is recognized as revenue in the period to which it relates.

Functional Allocation of Expenses

The costs of providing 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.

Use of Estimates

The preparation of the 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 disclosures 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 vary from these amounts.

Income Tax Status

The Corporation is recognized as an organization exempt from income taxes 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 income tax.

BISHOP FENWICK HIGH SCHOOL, INC.
Notes to Financial Statements

NOTE C – DISCONTINUED OPERATING ACTIVITIES

During fiscal year 2004, the Archdiocesan Central High Schools, Inc. established eight new independent high school corporations to replace each of its eight current operating schools. In accordance with each new corporation's by-laws, the Roman Catholic Archbishop of Boston, acting in his capacity as an individual, serves as the Chairman of the Board of each corporation. On July 1, 2004, the Archdiocesan Central High Schools, Inc. sold to each of the eight newly formed organizations all of the personal assets and restricted funds used in the operations of each respective school for \$10.00 per corporation. The Archdiocesan Central High Schools, Inc. also entered into an operating lease with each new corporation to lease the respective school's real estate for a period of four years for a dollar per year. Under each lease, the new corporation is responsible for all of the operating expenses and capital improvements of the leased real estate. The Archdiocesan Central High Schools, Inc. has also offered each new corporation a four year option to purchase their respective real estate at a four year sliding scale discount below fair market value.

The Archdiocesan Central High School, Inc. management eventually plans on selling the majority of the respective real estate to the newly formed corporations and eventually dissolving the corporation.

NOTE D – LAND, BUILDINGS AND EQUIPMENT

A summary of land, buildings and equipment is as follows at June 30:

	2007	2006
Land and improvements	\$ 134,606	\$ 0
Buildings and improvements	410,247	59,600
Software	10,884	
Equipment and vehicles	<u>1,774,310</u>	<u>1,608,601</u>
	2,330,047	1,668,201
Less accumulated depreciation	<u>(1,410,705)</u>	<u>(1,261,050)</u>
	<u>\$ 919,342</u>	<u>\$ 407,151</u>

BISHOP FENWICK HIGH SCHOOL, INC.
Notes to Financial Statements

NOTE E - INVESTMENTS

Investments were as follows at June 30:

	2007	2006
Common Investment Fund, Roman Catholic of Boston	\$ 1,710,977	\$ 1,544,197
LPL Financial Services	134,549	125,361
Treasury Bonds	<u>0</u>	<u>23,444</u>
	<u>\$ 1,845,526</u>	<u>\$ 1,693,002</u>

NOTE F -- LEASE COMMITMENTS

The High School leases equipment for operations. Minimum future lease payments under all leases are as follows:

Year Ending June 30,		
2008	41,917	
2009	37,029	
2010	35,400	
2011	<u>35,400</u>	
Total	<u>\$149,746</u>	

Rent expense under leases for equipment amounted to \$60,782 and \$72,291 for both years ended June 30, 2007 and 2006 respectively.

BISHOP FENWICK HIGH SCHOOL, INC.
Notes to Financial Statements

NOTE G – PENSION PLAN

The High School participates with other organizations affiliated with the Archdiocese in a multiemployer noncontributory, defined-benefit pension plan covering substantially all lay employees. Benefits are provided through the Roman Catholic Archdiocese of Boston Pension Plan (the "Pension Plan"). The High School's employees are approximately 1.5% of all lay employees covered under the Pension Plan. The Pension Plan is not subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). Pension expense allocated to the High School is based on payroll cost and amounted to \$173,253 and \$178,289 for the years ended June 30, 2007 and 2006, respectively.

Accumulated plan benefits information, as provided by consulting actuaries, has not been distinguished from the benefits of the other organizations participating in the multiemployer Pension Plan and, accordingly, such information is not presented herein, however the June 30, 2004 audited financial statements of the Pension Plan, reflected approximately \$211 million in net assets available for benefits and \$231 million in accumulated plan benefits under the Pension Plan.

BISHOP FENWICK HIGH SCHOOL, INC.
 Statements of General and Administrative
 For the Years Ended June 30, 2007 and 2006

	2007	2006
Depreciation Expense	\$ 149,655	\$ 158,221
Salaries & Wages	393,974	478,092
Insurance	29,588	32,364
Legal & Accounting	28,169	27,018
Service Charges	5,130	3,694
Payroll Taxes	27,280	34,580
Employee Benefits	20,897	33,906
Utilities	163,830	182,278
Professional Development	9,657	8,721
Office Supplies	15,575	16,194
Computer Software and Supplies	6,250	6,214
Telephone	13,181	14,980
Dues & Subscriptions	7,703	14,742
Meetings & Conference	310	1,380
Printing & Production	13,769	15,695
Postage & Delivery	20,406	18,339
Graduation	20,215	18,112
Miscellaneous	41,011	11,912
Building Maintenance & Repair	70,900	50,431
Equipment Maintenance & Repair	111,553	82,514
Water and Sewer	6,139	6,395
Grounds Maintenance	60,206	62,689
Maintenance Supplies	7,351	8,550
Custodial Contract	110,695	112,278
Waste Removal	20,531	18,467
Vehicles	10,561	14,389
School Nights	5,238	7,983
Board of Trustees	1,252	4,786
Admiss Office	25,169	13,671
Disposal of asset	-	13,627
Fac. Convent Operation	1,740	2,512
Total General and Administrative	\$ 1,397,935	\$ 1,474,734

See accountants' report and notes to the financial statements.