
BISHOP FENWICK HIGH SCHOOL, INC.

**FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

BISHOP FENWICK HIGH SCHOOL, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Bishop Fenwick High School, Inc.
Peabody, Massachusetts

We have audited the accompanying financial statements of Bishop Fenwick High School, Inc., which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statement of activities for the year ended June 30, 2013 and the statements of cash flows for the years ended June 30, 2013 and 2012 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013 and 2012, and the changes in its net assets for the year ended June 30, 2013 and its cash flows for the years ended June 30, 2013 and 2012 in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited Bishop Fenwick High School, Inc.'s June 30, 2012 financial statements, and our report dated January 16, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wakefield, Massachusetts
January 17, 2014

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BISHOP FENWICK HIGH SCHOOL, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2013 AND 2012

ASSETS

	Unrestricted Net Assets				2012 Total
	Educational and General	Investment in Plant	Board Designated at RCAB	Total Unrestricted	
ASSETS:					
Cash and cash equivalents	\$ 1,558,615	\$	\$ 1,558,615	\$ 109,306	\$ 1,667,921
Tuition receivable, net	50,291		50,291	4,500	50,291
Pledges receivable			-	283,950	4,500
Investments		39,393	39,393	242,993	566,336
Property and equipment, net		1,634,489	1,634,489	42,539	1,634,489
Prepaid expenses and other assets	42,539		42,539	-	42,539
TOTAL ASSETS	\$ 1,651,445	\$ 1,634,489	\$ 39,393	\$ 3,325,327	\$ 3,966,076

LIABILITIES AND NET ASSETS

LIABILITIES:					
Note payable, related party	\$ 205,080	\$	\$ 205,080	\$	\$ 205,080
Accounts payable and accrued expenses	444,501		444,501		444,501
Tuition deposits	861,955		861,955		861,955
TOTAL LIABILITIES	1,511,536	-	1,511,536	-	1,511,536
NET ASSETS:					
Unrestricted	139,909	1,634,489	39,393	1,813,791	1,813,791
Temporarily restricted				397,756	397,756
Permanently restricted				242,993	242,993
TOTAL NET ASSETS	139,909	1,634,489	39,393	1,813,791	2,454,540
TOTAL LIABILITIES AND NET ASSETS	\$ 1,651,445	\$ 1,634,489	\$ 39,393	\$ 3,325,327	\$ 3,966,076

BISHOP FENWICK HIGH SCHOOL, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

	Unrestricted Net Assets					2012 Total	
	Educational and General	Investment in Plant	Board Designated at RCAB	Total Unrestricted	Temporarily Restricted		Permanently Restricted
REVENUE:							
Tuition and fees	\$ 6,457,275	\$ -	\$ -	\$ 6,457,275	\$ -	\$ 6,457,275	\$ 6,807,060
Less financial aid	1,003,648			1,003,648		1,003,648	1,015,872
Tuition and fees, net	5,453,627			5,453,627		5,453,627	5,791,188
Auxiliary activities	305,708			305,708		305,708	307,023
Other income	115,445			115,445		115,445	125,958
Net assets released from restrictions	1,030			1,030	(1,030)	-	-
Total revenue	5,875,810	-	-	5,875,810	(1,030)	5,874,780	6,224,169
EXPENSES:							
Instructional and athletic	3,880,917			3,880,917		3,880,917	4,015,569
Administration	942,596			942,596		942,596	894,586
Operation and maintenance of plant	1,197,727			1,197,727		1,197,727	1,187,978
Auxiliary activities	297,225			297,225		297,225	303,832
Fundraising	208,855			208,855		208,855	199,905
Depreciation		141,863		141,863		141,863	186,518
Interest				13,491		13,491	19,996
Total expenses	6,540,811	141,863	-	6,682,674	-	6,682,674	6,808,384
INCREASE (DECREASE) BEFORE SUPPORT	(665,001)	(141,863)	-	(806,864)	(1,030)	(807,894)	(584,215)
SUPPORT:							
Contributions, net of allowances	410,194			410,194	19,097	429,291	416,586
Donated services and facilities	635,919			635,919		635,919	641,660
Investment income (loss), net	5,351		3,804	9,155	49,519	58,674	(9,115)
Transfers	(61,055)	61,055		-		-	-
Total support	990,409	61,055	3,804	1,055,268	68,616	1,123,884	1,049,131
INCREASE (DECREASE) IN NET ASSETS	325,408	(80,808)	3,804	248,404	67,586	315,990	464,916
NET ASSETS, BEGINNING OF YEAR	(185,499)	1,715,297	35,589	1,565,387	330,170	2,138,550	1,673,634
NET ASSETS, END OF YEAR	\$ 139,909	\$ 1,634,489	\$ 39,393	\$ 1,813,791	\$ 397,756	\$ 2,454,540	\$ 2,138,550

BISHOP FENWICK HIGH SCHOOL, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2013 AND 2012

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 315,990	\$ 464,916
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	141,863	186,518
Net realized and unrealized gains (losses) on investments	32,907	(28,911)
Changes in certain assets and liabilities:		
Tuition receivable	62,807	77,049
Pledges receivable	6,000	19,500
Prepaid expenses and other assets	8,350	12,476
Accounts payable and accrued expenses	143,163	(75,569)
Tuition deposits	<u>(351,542)</u>	<u>(139,013)</u>
Net cash provided by operating activities	<u>359,538</u>	<u>516,966</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(61,055)	(88,531)
Proceeds from sale of (purchases of) investments, net	<u>(100,327)</u>	<u>41,158</u>
Net cash used in investing activities	<u>(161,382)</u>	<u>(47,373)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of note payable, related party	<u>(101,090)</u>	<u>(95,661)</u>
Net cash used in financing activities	<u>(101,090)</u>	<u>(95,661)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	97,066	373,932
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,570,855</u>	<u>1,196,923</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,667,921</u>	<u>\$ 1,570,855</u>

See Notes to Financial Statements.

BISHOP FENWICK HIGH SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 1 - Summary of Significant Accounting Policies

Organization - Bishop Fenwick High School, Inc. (the School) is a Catholic, college preparatory, coeducational high school, located in Peabody, Massachusetts. In 1959, the school was established by the Roman Catholic Archdiocese of Boston and named for the second Bishop of Boston, Benedict Joseph Fenwick, S.J. In July 2004, the Archdiocese further established eight new independent high school corporations with Bishop Fenwick High School being one of the eight schools to replace each of its eight 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.

Basis of Accounting - The financial statements of the School have been prepared on the accrual basis of accounting.

Basis of Presentation - The financial statements are prepared in accordance with U.S. generally accepted accounting principles. U.S. generally accepted accounting principles establish standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. A description of the three net asset categories follows.

Unrestricted Net Assets - Unrestricted net assets include the following:

Educational and General - Educational and general include the revenue and expenses associated with the principal educational mission of the School.

Investment in Plant - Investment in plant assets are stated at cost or fair value at the date of gift. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. Investment in plant assets also include transfers from the operating budget, gifts and income earned on unexpended balances for future capital projects.

Board Designated at RCAB - Board designated funds include amounts segregated by the Board to fund certain programs and future expenses.

Temporarily Restricted Net Assets - Temporarily restricted net assets include net assets subject to donor-imposed stipulations that may or will be met by actions of the School and/or the passage of time.

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

Estimates - The preparation of financial statements in conformity with U.S. 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BISHOP FENWICK HIGH SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash Equivalents - Cash equivalents consist of money market funds and similar investments with original maturities of 90 days or less. Investments with original maturities in excess of 90 days are classified as marketable securities. Cash equivalents are carried at cost, which approximates market.

Tuition Receivable - Tuition receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings 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 charge to the valuation allowance and a credit to tuition receivable. Changes in the valuation allowance have not been material to the financial statements.

Pledges Receivable - Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contribution.

Investments - In accordance with U.S. generally accepted accounting principles, investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at fair value in the statements of financial position. Net realized and unrealized gains or losses in the fair value of the investments are reflected in the statement of activities.

The fair value of publicly traded mutual funds is based upon quoted market prices and net asset values. Other securities for which no such quotations or valuations are readily available are carried at estimated fair values provided by investment managers. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and those changes could materially affect the amounts reported in the financial statements.

Dividends, interest and net gains on investments are reported as increases in permanently restricted net assets if the terms of the underlying gift require that they be added to the principal of a permanent endowment fund, or as increases in temporarily restricted net assets if the terms of the underlying gift or relevant state law impose restrictions on the use of the income or net gains. Income and net gains on board designated funds are reported as an increase in unrestricted net assets.

Investment Return Objectives and Parameters - The primary investment objective is long-term capital appreciation which together with income will provide for the growth of the endowment while allowing support for current activities. To satisfy its long-term rate-of-return objectives, the investment managers rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The investment managers target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

BISHOP FENWICK HIGH SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Spending Policy - The School is subject to the Roman Catholic Archbishop of Boston's total return spending policy which distributes to its members, on a quarterly basis, 1% of the net assets of the Fund as of the previous quarter-end. This dividend policy is subject to change at the discretion of the Archbishop of Boston. To the extent the total return requirement for the current year is not fulfilled by interest and dividends, the School utilizes realized gains of its endowment. To the extent the total return requirement for the current year is exceeded by interest and dividends, the School adds the excess income to its endowment.

Property and Equipment - Acquisitions of property and equipment are recorded at cost. Gifts of property and equipment are stated at fair market value at the date of donation. Depreciation is computed using the straight-line method calculated to amortize the cost of the assets over their estimated useful lives. Expenditures for maintenance and repairs are charged to expense as incurred.

Tuition Deposits - The School defers recognition of registration and tuition revenue to the period in which the related educational instruction is performed and the related expenses are incurred. Accordingly, registration and tuition fees received for the next school term are deferred.

Concentration of Credit Risk - Financial instruments which potentially subject the School to concentrations of credit risk consist principally of temporary cash investments and tuition receivables. The School has concentrated its credit risk for cash by maintaining bank deposits that exceed federal insurance. One of the School's banks is a Massachusetts-chartered savings bank and as such, all deposits held by that bank in excess of federally insured amounts are insured in full by the Depositors Insurance Fund. At June 30, 2013, all bank deposits were fully insured. The School grants credit to its students who are primarily located in eastern Massachusetts.

Fair Value of Financial Instruments - In the opinion of management, the School's financial instruments are recorded at amounts which are either equal to or approximate fair market value.

Income Taxes - In accordance with Section 501(c)(3) of the Internal Revenue Code, the School is exempt from federal and state income taxes and, accordingly, the financial statements do not reflect a provision for income taxes. These determinations have been reviewed according to guidance in a Financial Accounting Standards Board pronouncement related to accounting for uncertainty in income taxes. In determining the recognition of uncertain tax positions, the School applies a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with taxing authorities. As of June 30, 2013, the School has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The School is generally subject to potential examination by taxing jurisdictions for the prior three years.

BISHOP FENWICK HIGH SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Donated Services and Facilities - The School recognizes donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services include services provided by the religious to the School for less compensation than would be paid to lay individuals performing similar services. Donated services were valued at approximately \$60,000 and \$65,000 for the years ended June 30, 2013 and 2012, respectively.

In addition, the School's facilities are provided by the Archdiocesan Central High Schools, Inc., an affiliate of the Roman Catholic Archbishop of Boston, at below market rates. For each of the years ended June 30, 2013 and 2012, donated facilities were valued at \$575,000.

Subsequent Events - The date to which events occurring after June 30, 2013 have been evaluated for possible adjustment to the financial statements or disclosure is the date of the Independent Auditors' Report which is the date the financial statements were available to be issued.

Note 2 - Tuition Receivable

Tuition receivable at June 30, 2013 and 2012 consists of the following:

	<u>2013</u>	<u>2012</u>
Tuition receivable	\$ 200,291	\$ 203,098
Less allowance for doubtful accounts	<u>150,000</u>	<u>90,000</u>
	<u>\$ 50,291</u>	<u>\$ 113,098</u>

Note 3 - Pledges Receivable

Pledges receivable at June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Pledges expected to be collected in:		
Less than one year	\$ 14,500	\$ 20,500
Less allowance for uncollectible pledges	<u>10,000</u>	<u>10,000</u>
	<u>\$ 4,500</u>	<u>\$ 10,500</u>

BISHOP FENWICK HIGH SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 4 - Investments

Investments consist primarily of holdings in the Common Investment Fund, Roman Catholic Archbishop of Boston, a related organization established to provide a common investment pool in which the Roman Catholic Archbishop of Boston, A Corporation Sole, the School, and other organizations may participate. The participants own units based upon a per-unit value at the time of purchase. The Common Investment Fund invests all of its funds in the Collective Investment Partnership, Roman Catholic Archbishop of Boston. The underlying investments are primarily equity and fixed-income securities owned either directly or indirectly through mutual funds and private investment entities.

It is the policy of the Common Investment Fund to distribute to its members, on a quarterly basis, 1% of the net assets of the Fund as of the previous quarter-end. This dividend policy is subject to change at the discretion of the Archbishop of Boston.

Investment income (loss) for the years ended June 30, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 25,767	\$ 19,796
Net realized and unrealized gains (losses) on investments	<u>32,907</u>	<u>(28,911)</u>
	<u>\$ 58,674</u>	<u>\$ (9,115)</u>

Note 5 - Fair Value Measurements

U.S. generally accepted accounting principles define fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. U.S. generally accepted accounting principles require the School to maximize the use of observable market inputs, minimize the use of unobservable market inputs, and disclose in the form of an outlined hierarchy the details of such fair value measurements. U.S. generally accepted accounting principles specify a hierarchy of valuation techniques based on whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the School's market assumptions.

This hierarchy requires the use of observable market data when available. These inputs have created the following fair value hierarchy:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than those included in Level 1. For example, quoted prices for similar assets in active markets or quoted prices for identical assets in inactive markets.

Level 3 - Unobservable inputs reflecting management's own assumptions about the inputs used in estimating the value of the asset.

BISHOP FENWICK HIGH SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 5 - Fair Value Measurements (Continued)

The fair value of the School's investments in the Common Investment Fund, Roman Catholic Archbishop of Boston are based on the underlying investment portfolio that consists of actively traded equities, bonds and money market funds, as well as private investment entities. These investments are classified by the Roman Catholic Archbishop of Boston as being valued based on Level 2 inputs under the fair value hierarchy.

Note 6 - Property and Equipment

Property and equipment at June 30, 2013 and 2012 consists of the following:

	<u>2013</u>	<u>2012</u>
Building improvements	\$ 1,272,365	\$ 1,222,865
Furniture, fixtures and equipment	1,908,580	1,897,024
Land improvements	973,280	973,280
Leasehold improvements	30,434	30,434
Software	22,814	22,814
Vehicles	127,918	127,918
	<u>4,335,391</u>	<u>4,274,335</u>
Less accumulated depreciation	<u>2,700,902</u>	<u>2,559,038</u>
Property and equipment, net	<u>\$ 1,634,489</u>	<u>\$ 1,715,297</u>

Note 7 - Note Payable, Related Party

The School is indebted to the Roman Catholic Archbishop of Boston on an installment note payable. The note is payable in consecutive monthly installments of principal and interest of \$9,551 based on the Applicable Rate. The Applicable Rate is the annual rate of interest announced from time to time by the Roman Catholic Archbishop of Boston. The applicable rate was 5.0% during the year ended June 30, 2013. The note is scheduled to mature on May 1, 2015. At June 30, 2013 and 2012, the total amount outstanding under the note is \$205,080 and \$306,170, respectively. The note is subject to certain covenants. At June 30, 2013, management is not aware of any material violations of the financial covenants.

Maturities of note payable, related party for the years succeeding June 30, 2013 are as follows:

<u>Years ending June 30,</u>	
2014	\$ 106,810
2015	<u>98,270</u>
	<u>\$ 205,080</u>

BISHOP FENWICK HIGH SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 8 - Endowment

The School's endowment consists of approximately twenty individual funds established for a variety of purposes. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The School has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the School classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the School. In accordance with UPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the School and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the School
7. The investment policies of the School

The endowment net asset composition by type of fund as of June 30, 2013 and 2012 is as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2011	\$ 86,562	238,753	\$ 325,315
Investment income (loss), net	(5,989)		(5,989)
Contribution		4,240	4,240
Appropriation of cumulative gains	<u>(5,050)</u>		<u>(5,050)</u>
Endowment net assets, June 30, 2012	75,523	242,993	318,516
Investment income (loss), net	34,128		34,128
Appropriation of cumulative gains	<u>(5,000)</u>		<u>(5,000)</u>
Endowment net assets, June 30, 2013	\$ <u>104,651</u>	\$ <u>242,993</u>	\$ <u>347,644</u>

BISHOP FENWICK HIGH SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 9 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions presently available for use, but expendable only for the purposes specified by the donor. At June 30, 2013 and 2012, temporarily restricted net assets consist of the following:

	<u>2013</u>	<u>2012</u>
Pledges receivable	\$ 4,500	\$ 10,500
Alumni and sports clubs	109,306	99,336
Scholarships	179,299	144,811
Cumulative gains on permanently restricted funds	<u>104,651</u>	<u>75,523</u>
	\$ <u>397,756</u>	\$ <u>330,170</u>

Note 10 - Permanently Restricted Net Assets

Permanently restricted net assets include net assets subject to donor-imposed stipulations that they be maintained permanently by the School. Generally, the donors of these assets permit the School to use all or part of the income earned on related investments for general or specific purposes. At June 30, 2013 and 2012, permanently restricted net assets consist of the following:

	<u>2013</u>	<u>2012</u>
Scholarships	\$ 192,993	\$ 192,993
General endowment	<u>50,000</u>	<u>50,000</u>
	\$ <u>242,993</u>	\$ <u>242,993</u>

Note 11 - Retirement Plan

The School participates in the Roman Catholic Archdiocese of Boston Pension Plan. The Plan is a noncontributory, defined benefit multi-employer pension plan covering substantially all lay employees. The Plan is not subject to Employee Retirement Income Security Act of 1974 ("ERISA"). On December 31, 2011, the Plan was frozen and ceased to accrue benefits. At the time the Plan was frozen, there was a shortfall in assets, which the School is participating in eliminating. There has been no determination by the Roman Catholic Archdiocese of Boston as to when the shortfall will be eliminated. During the year ended June 30, 2013, the School's contribution towards the Plan's shortfall was approximately \$146,000. During the year ended June 30, 2012, the School's contribution to the plan was approximately \$105,000 and the School's additional contribution towards the Plan's shortfall was approximately \$73,000.

BISHOP FENWICK HIGH SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 11 - Retirement Plan (Continued)

Beginning January 15, 2012, the School provides a tax deferred annuity program under Internal Revenue Code Section 403(b) to salaried employees who have attained a certain age and completed a specified period of service. Eligible employees may contribute a specified percentage of their salary. The School may also make a discretionary contribution equal to a specified percentage of the participant's salary. For the years ended June 30, 2013 and 2012, the School's contribution to the annuity program amounted to approximately \$72,000 and \$36,000, respectively.

Note 12 - Commitments

During 2004, the School entered into an agreement to lease its facilities from the Archdiocesan Central High Schools, Inc., an affiliate of the Roman Catholic Archbishop of Boston. The lease agreement was for the period July 1, 2004 through June 30, 2008. The annual rent was for one dollar per year. Under the terms of the lease, the School is responsible for all of the operating expenses and capital improvements. In connection with the lease, the School had the option to purchase the property at a sliding scale discount below fair market value. The School currently occupies the facilities as a tenant-at-will and is in the process of negotiating a new lease agreement.

Note 13 - Functional Allocation of Expenses

The costs of providing various programs and other 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.

Note 14 - Supplemental Disclosures of Cash Flow Information

Cash paid for interest for the years ended June 30, 2013 and 2012 amounted to \$14,146 and \$18,947, respectively.

INDEPENDENT AUDITORS' REPORT ON ACCOMPANYING INFORMATION

Board of Trustees
Bishop Fenwick High School, Inc.
Peabody, Massachusetts

We have audited the financial statements of Bishop Fenwick High School, Inc. as of and for the year ended June 30, 2013, and have issued our report thereon dated December 13, 2013, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying information contained on page 15 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Townson & Company, Inc.

Wakefield, Massachusetts
January 17, 2014

BISHOP FENWICK HIGH SCHOOL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTAL FOR THE YEAR ENDED JUNE 30, 2012)

	Instructional and Athletic	Administration	Operation and Maintenance of Plant	Auxiliary Activities	Fundraising	Depreciation	Interest	2013 Total	2012 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Advertising								2,234	11,485
Bookstore expenses								-	4,181
Contracted services		18,519	221,451	9,133				249,103	232,660
Depreciation						141,863		141,863	186,518
Donated rent			575,000					575,000	575,000
Dues, subscriptions and meetings	5,940	16,164						22,104	11,754
Employee benefits	568,050	142,030	210		11,533			721,823	777,590
Food cost and service				284,092				284,092	290,805
Fundraising events					24,732			24,732	27,922
Graduation expenses		15,772						15,772	18,069
Insurance			30,105					30,105	31,549
Interest							13,491	13,491	19,996
Payroll taxes	194,139	24,986	2,304		10,005			231,434	237,128
Postage		12,376						12,376	8,077
Professional development		4,111						4,111	7,079
Professional fees		15,114						15,114	15,022
Property and vehicle rentals, athletic	6,150							6,150	2,670
Provision for doubtful accounts	60,000							60,000	35,914
Repairs and maintenance		26,162	148,421					174,583	190,235
Salaries, wages and stipends	2,694,649	530,758	30,124		130,665			3,386,196	3,455,025
Supplies and other expenses	237,001	129,509	7,978	4,000	31,920			410,408	368,795
Technology expenses	114,988							114,988	117,619
Utilities		4,861	182,134					186,995	183,291
Total	\$ 3,880,917	\$ 942,596	\$ 1,197,727	\$ 297,225	\$ 208,855	\$ 141,863	\$ 13,491	\$ 6,682,674	\$ 6,808,384

See Independent Auditors' Report on Accompanying Information.