

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**COMBINED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of  
**Cristo Rey Boston High School, Inc. and  
Cristo Rey Boston Corporate Work Study Program, Inc.**

### **Report on the Financial Statements**

We have audited the accompanying combined financial statements of Cristo Rey Boston High School, Inc. and Cristo Rey Boston Corporate Work Study Program, Inc., which comprise the combined statements of financial position as of June 30, 2016 and 2015, and the related combined statements of activities and cash flows for the years then ended and the related notes to the combined financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined 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 entity'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Cristo Rey Boston High School, Inc. and Cristo Rey Boston Corporate Work Study Program, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Report on Supplementary Information**

Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements of financial position and activities, and the combined schedules of program services expenses and general and administrative expenses (pages 22-25) are presented for the purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

*Marcum LLP*

Needham, MA  
October 27, 2016

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**COMBINED STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2016 AND 2015**

	2016	2015
<b>Assets</b>		
Cash and cash equivalents	\$ 181,750	\$ 710,189
Accounts receivable, net	298,532	297,181
Pledges receivable	19,075	--
Restricted cash	11,511	69,779
Investments	285,126	280,410
RCAB support receivable - rent, net	15,834,406	16,119,808
Property and equipment, net	1,947,487	2,087,797
Other assets	2,650	2,650
Beneficial interest in perpetual trust	1,062,271	1,156,953
<b>Total Assets</b>	<b>\$ 19,642,808</b>	<b>\$ 20,724,767</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 153,135	\$ 206,225
Note payable	113,374	132,029
Deferred revenue	49,439	161,489
Student activity deposits	3,317	3,317
Deferred rent	180,000	150,000
Funds held for contracts	11,511	69,779
<b>Total Liabilities</b>	510,776	722,839
<b>Net Assets</b>		
Unrestricted	1,851,093	2,344,058
Board designated	83,281	182,903
Total unrestricted	1,934,374	2,526,961
Temporarily restricted	16,005,331	16,187,958
Permanently restricted	1,192,327	1,287,009
<b>Total Net Assets</b>	19,132,032	20,001,928
<b>Total Liabilities and Net Assets</b>	<b>\$ 19,642,808</b>	<b>\$ 20,724,767</b>

*The accompanying notes are an integral part of these combined financial statements.*

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**COMBINED STATEMENTS OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Operating Revenues and Support</b>				
Tuition, gross	\$ 1,341,792	\$ --	\$ --	\$ 1,341,792
Financial aid	<u>(900,815)</u>	<u>--</u>	<u>--</u>	<u>(900,815)</u>
Tuition, net	440,977	--	--	440,977
Sponsor revenue	2,662,034	--	--	2,662,034
Grants and contributions	858,392	190,835	--	1,049,227
Investment and interest income	43,590	6,075	--	49,665
Realized and unrealized losses on investments	(564)	--	(94,682)	(95,246)
Miscellaneous	24,296	--	--	24,296
Net assets released from temporary restrictions	<u>94,135</u>	<u>(94,135)</u>	<u>--</u>	<u>--</u>
<b>Total Operating Revenues and Support</b>	<u>4,122,860</u>	<u>102,775</u>	<u>(94,682)</u>	<u>4,130,953</u>
<b>Expenses</b>				
Program services	3,294,591	--	--	3,294,591
General and administrative	1,100,168	--	--	1,100,168
Fundraising	<u>320,688</u>	<u>--</u>	<u>--</u>	<u>320,688</u>
<b>Total Expenses</b>	<u>4,715,447</u>	<u>--</u>	<u>--</u>	<u>4,715,447</u>
<b>(Decrease) Increase in Net Assets Before Related Party Support</b>	<u>(592,587)</u>	<u>102,775</u>	<u>(94,682)</u>	<u>(584,494)</u>
<b>Related Party Support (Expense)</b>				
Fair value of rent - amortization of discount	161,198	--	--	161,198
Fair value of rent adjustment	285,402	(285,402)	--	--
Building rent expense	<u>(446,600)</u>	<u>--</u>	<u>--</u>	<u>(446,600)</u>
<b>Total Related Party Support (Expense)</b>	<u>--</u>	<u>(285,402)</u>	<u>--</u>	<u>(285,402)</u>
<b>Decrease in Net Assets</b>	(592,587)	(182,627)	(94,682)	(869,896)
<b>Net Assets at Beginning of the Year</b>	<u>2,526,961</u>	<u>16,187,958</u>	<u>1,287,009</u>	<u>20,001,928</u>
<b>Net Assets at End of the Year</b>	<u>\$ 1,934,374</u>	<u>\$ 16,005,331</u>	<u>\$ 1,192,327</u>	<u>\$ 19,132,032</u>

*The accompanying notes are an integral part of these combined financial statements.*

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**COMBINED STATEMENTS OF ACTIVITIES (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Operating Revenues and Support</b>				
Tuition, gross	\$ 1,347,890	\$ --	\$ --	\$ 1,347,890
Financial aid	<u>(873,401)</u>	<u>--</u>	<u>--</u>	<u>(873,401)</u>
Tuition, net	474,489	--	--	474,489
Sponsor revenue	2,637,734	--	--	2,637,734
Grants and contributions	1,143,371	117,043	--	1,260,414
Investment and interest income	52,611	2,248	177	55,036
Realized and unrealized losses on investments	97,672	3,827	(127,544)	(26,045)
Miscellaneous	40,464	--	--	40,464
Loss on disposal of property and equipment	(9,056)	--	--	(9,056)
Net assets released from temporary restrictions	<u>329,124</u>	<u>(329,124)</u>	<u>--</u>	<u>--</u>
<b>Total Operating Revenues and Support</b>	<u>4,766,409</u>	<u>(206,006)</u>	<u>(127,367)</u>	<u>4,433,036</u>
<b>Expenses</b>				
Program services	3,017,330	--	--	3,017,330
General and administrative	1,242,328	--	--	1,242,328
Fundraising	<u>270,488</u>	<u>--</u>	<u>--</u>	<u>270,488</u>
<b>Total Expenses</b>	<u>4,530,146</u>	<u>--</u>	<u>--</u>	<u>4,530,146</u>
<b>(Decrease) Increase in Net Assets Before Related Party Support</b>	<u>236,263</u>	<u>(206,006)</u>	<u>(127,367)</u>	<u>(97,110)</u>
<b>Related Party Support (Expense)</b>				
Fair value of rent - amortization of discount	164,024	--	--	164,024
RCAB support	282,576	(282,576)	--	--
Additional rent expense	(100,000)	--	--	(100,000)
Building rent expense	<u>(446,600)</u>	<u>--</u>	<u>--</u>	<u>(446,600)</u>
<b>Total Related Party Support (Expense)</b>	<u>(100,000)</u>	<u>(282,576)</u>	<u>--</u>	<u>(382,576)</u>
<b>(Decrease) Increase in Net Assets</b>	136,263	(488,582)	(127,367)	(479,686)
<b>Net Assets at Beginning of the Year</b>	<u>2,390,698</u>	<u>16,676,540</u>	<u>1,414,376</u>	<u>20,481,614</u>
<b>Net Assets at End of the Year</b>	<u>\$ 2,526,961</u>	<u>\$ 16,187,958</u>	<u>\$ 1,287,009</u>	<u>\$ 20,001,928</u>

*The accompanying notes are an integral part of these combined financial statements.*

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (869,896)	\$ (479,686)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	160,029	166,258
(Recoveries) provision for bad debts	(7,537)	119,108
Non-cash contributions of other assets	(7,253)	(7,673)
Realized and unrealized losses on investments	95,246	26,045
Loss on disposal of property and equipment	--	9,056
Investment income reinvested	(7,880)	(6,420)
Fair value of rent adjustment	285,402	282,576
Changes in operating assets and liabilities:		
Restricted cash	58,268	144,767
Accounts receivable	6,186	(147,600)
Pledges receivable	(19,075)	40,350
Other assets	--	(150)
Accounts payable and accrued expenses	(53,090)	(9,421)
Deferred revenue	(112,050)	87,204
Deferred rent	30,000	30,000
Funds held for contracts	(58,268)	(143,980)
Total adjustments	369,978	590,120
<b>Net Cash (Used in) Provided by Operating Activities</b>	(499,918)	110,434
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	16,993	114,295
Purchase of investments	(7,140)	(5,886)
Purchase of property and equipment	(19,719)	(233,922)
<b>Net Cash Used in Investing Activities</b>	(9,866)	(125,513)
<b>Cash Flows from Financing Activities</b>		
Payments on note payable	(18,655)	(21,817)
<b>Net Cash Used in Financing Activities</b>	(18,655)	(21,817)
<b>Net Decrease in Cash and Cash Equivalents</b>	(528,439)	(36,896)
<b>Cash and Cash Equivalents at Beginning of Year</b>	710,189	747,085
<b>Cash and Cash Equivalents at End of Year</b>	\$ 181,750	\$ 710,189
<b><i>Supplemental Disclosure of Noncash Investing and Financing Activities</i></b>		
Disposal of property and equipment	\$ --	\$ 42,141
Cash paid for interest	\$ 6,800	\$ 3,639

*The accompanying notes are an integral part of these combined financial statements.*



**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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**NOTE 1 - ORGANIZATION**

Cristo Rey Boston High School, Inc. operates a Cristo Rey college preparatory school located in Dorchester, Massachusetts (the "School"). The purpose of the School is to fulfill the educational mission of the Roman Catholic Church, the Roman Catholic Archbishop of Boston, the Roman Catholic Archdiocese of Boston (the "RCAB") and the Cristo Rey Network.

Cristo Rey Boston Corporate Work Study Program, Inc. (the "Work Study Program") was incorporated in February 2004, with the following purposes:

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

Members of the School and Work Study Program include the Chairman (Archbishop of the Roman Catholic Archdiocese of Boston), the Secretary of Education of the Roman Catholic Archdiocese of Boston, the Chancellor of the Roman Catholic Archdiocese of Boston and other persons who may be appointed by the Chairman. Members of the School and Work Study Program appoint and remove Trustees and Officers as defined in the School's and Work Study Program's by-laws. The Trustees are responsible for the property and business affairs of the School and the Work Study Program.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***BASIS OF ACCOUNTING***

The accompanying combined financial statements of the School and the Work Study Program are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

***BASIS OF COMBINATION***

The combined financial statements include the accounts of Cristo Rey Boston High School, Inc. and Cristo Rey Boston Corporate Work Study Program, Inc. All significant intercompany transactions and balances are eliminated in combination.

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***BASIS OF PRESENTATION***

The School and the Work Study Program are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

***UNRESTRICTED NET ASSETS***

Unrestricted net assets represent those assets which the School and the Work Study Program may use at their discretion.

***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 School and/or Work Study Program and/or the passage of time. All temporarily restricted net assets are from the School.

***PERMANENTLY RESTRICTED NET ASSETS***

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the School and/or the Work Study Program. Generally, the donors of those assets permit the School and/or Work Study Program to use all or part of the income earned on related investments for general or specific purposes. All permanently restricted net assets are from the School.

***USE OF ESTIMATES***

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***RESTRICTED AND UNRESTRICTED REVENUE***

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities as net assets released from temporary restrictions.

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***SPONSOR REVENUE***

Sponsor revenue is recognized ratably over the term of the contract for services provided to sponsors that are performed by students of the School.

***CASH AND CASH EQUIVALENTS***

For purposes of the combined statements of cash flows, management considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

***RESTRICTED CASH***

Restricted cash represents donor funds restricted for spending on capital improvements for the School building as well as funds held for contracts.

***ACCOUNTS RECEIVABLE, PLEDGES RECEIVABLE, AND RCAB SUPPORT RECEIVABLE - RENT***

Accounts receivable and pledges receivable are stated at amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable or pledges receivable. Changes in the valuation allowance have not been material to the combined financial statements. Conditional promises to give are not recognized in the combined financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. There are no unconditional promises to give that are expected to be collected in more than one year at June 30, 2016 and 2015.

RCAB support receivable - rent represents the present value of the excess of fair value of rent at the School building over rent expense to be recognized over the life of the Dorchester lease commitment described in Note 10. The discount on this amount is computed using an appropriate discount rate commensurate with the risks involved. Amortization of the discount is included in fair value of rent on the combined statement of activities.

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***INVESTMENTS AND INVESTMENT INCOME***

Investments in marketable equity and debt securities with readily determinable fair values are carried at their fair values in the combined statements of financial position. Gains and losses are included in the change in net assets in the accompanying combined statements of activities. Investment income and gains restricted by donors are reported as increases in temporarily restricted net assets. When the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished), they are reclassified to unrestricted net assets and reported in the combined statements of activities as net assets released from temporary restrictions. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. The investment income, realized and unrealized gains and losses on permanently restricted investments are accounted for as increase or decrease in permanently restricted net assets.

***PROPERTY AND EQUIPMENT***

All acquisitions of property and equipment in excess of \$1,500 and all expenditures for repairs, maintenance, renewals, and betterments that prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets. Estimated useful lives are 3-7 years for furniture, fixtures and equipment; 5 years for vehicles; 3-5 years for computers and equipment; and 15-39 years for building improvements.

***OTHER ASSETS***

Other assets consists of donated artwork that was recorded at fair value on the date it was donated.

***BENEFICIAL INTEREST IN PERPETUAL TRUST***

The School carries its beneficial interest in a perpetual trust at its fair value in the combined statements of financial position. On a quarterly basis, the School is entitled to dividend income at a rate of 1% of the fair value of the beneficial interest in the perpetual trust.

***DEFERRED REVENUE***

Deferred revenue represents deposits and advance payments received for tuition which relate to the School's tuition billed for the following academic year. For the Work Study Program, deferred revenue represents advance payments received from sponsors. Deferred revenues are recorded as unrestricted revenue when earned.

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***FUNDS HELD FOR CONTRACTS***

The School was the fiscal agent for a project in which the School and two other local high schools were participating. The funds held were contractually obligated for payment to teachers and administrators for the project. The project began during the year ended June 30, 2012, and was a planned three-year project.

***FUNCTIONAL EXPENSE ALLOCATION***

The costs of providing various programs and other activities have been summarized on a functional basis in the combined statement of activities. Accordingly, certain direct costs have been applied to the programs and supporting services benefited.

***INCOME TAXES***

The School and the Work Study Program are both exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The School and the Work Study Program are also exempt from Massachusetts income tax under Massachusetts General Law 180. However, income from certain activities not directly related to the School and the Work Study Program's tax-exempt purpose is subject to taxation as unrelated business income at both the state and federal levels. In addition, the School and the Work Study Program both qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations other than private foundations under Section 509(a)(2).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the School and Work Study Program have taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2016 and 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the combined financial statements. If the School and Work Study Program were to incur a federal or state income tax liability in the future, interest and penalties would be reported as income taxes. The School and Work Study Program are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

***DONATED ASSETS***

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation.

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***DONATED SERVICES***

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School or the Work Study Program.

***ADVERTISING***

The School and Work Study Program expense advertising costs as incurred. Combined advertising expense amounted to \$12,423 and \$11,008 for the years ended June 30, 2016 and 2015, respectively.

***ENDOWMENT***

The School's endowment consists of two individual funds established to provide scholarships to students of the School. The endowment includes both donor-restricted funds and funds designated by the School's Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the School's Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

***DONOR-RESTRICTED ENDOWMENT ASSETS***

The Commonwealth of Massachusetts adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") effective June 30, 2009. The School's policies as to the classification and appropriation of donor-restricted endowment funds are described below and are consistent with the requirements of UPMIFA.

The School classifies as permanently restricted assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor's gift instructions at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted assets is classified as temporarily restricted assets until those amounts are appropriated for expenditure by the School.

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***DONOR-RESTRICTED ENDOWMENT ASSETS (CONTINUED)***

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 mission of the School and purpose of the donor-restricted endowment funds,
- (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 School has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the School must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the School's Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The School expects its endowment funds, over time, to provide an average rate of return of approximately 5 percent annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the School relies 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 School targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

***SUBSEQUENT EVENTS***

The School and the Work Study Program have evaluated all subsequent events through October 27, 2016, the date the combined financial statements were available to be issued.

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following at June 30:

	2016	2015
Tuition receivable	\$ 108,472	\$ 95,442
Accounts receivable - sponsors	242,406	267,484
Other receivables	247	115
Less allowance for doubtful accounts	(52,593)	(65,860)
Accounts receivable, net	\$ 298,532	\$ 297,181

**NOTE 4 - FAIR VALUE MEASUREMENTS**

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable;

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

*Beneficial Interest in Perpetual Trust:* Valued at the net asset value of the assets held in trust.



**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)**

*Money market funds and Mutual funds:* Valued at the net asset value of shares held by the School at year end.

The preceding methods described may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the School's assets at fair value, as of June 30, 2016:

	Fair Value	Level 1	Level 2	Level 3
Short term investments - money market	\$ 18,623	\$ 18,623	\$ --	\$ --
Mutual Funds:				
Fixed income				
Short term	66,145	66,145	--	--
Intermediate	138,859	138,859	--	--
Equities				
Large cap	<u>61,499</u>	<u>61,499</u>	<u>--</u>	<u>--</u>
Total investments	<u>\$ 285,126</u>	<u>\$ 285,126</u>	<u>\$ --</u>	<u>\$ --</u>
Beneficial interest in perpetual trust	<u>\$1,062,271</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$1,062,271</u>

The following table sets forth by level, within the fair value hierarchy, the School's assets at fair value, as of June 30, 2015:

	Fair Value	Level 1	Level 2	Level 3
Short term investments - money market	\$ 17,254	\$ 17,254	\$ --	\$ --
Mutual Funds:				
Fixed income				
Short term	102,434	102,434	--	--
Intermediate	96,653	96,653	--	--
Equities				
Large cap	<u>64,069</u>	<u>64,069</u>	<u>--</u>	<u>--</u>
Total investments	<u>\$ 280,410</u>	<u>\$ 280,410</u>	<u>\$ --</u>	<u>\$ --</u>
Beneficial interest in perpetual trust	<u>\$1,156,953</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$1,156,953</u>

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)**

The School recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the years ended June 30, 2016 and 2015.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

	2016	2015
Beneficial interest in perpetual trust		
Fair value, beginning of year	\$ 1,156,953	\$ 1,284,601
Investment loss	<u>(94,682)</u>	<u>(127,648)</u>
Fair value, end of year	<u>\$ 1,062,271</u>	<u>\$ 1,156,953</u>

**NOTE 5 - RCAB SUPPORT RECEIVABLE - RENT**

This unconditional promise to give represents the present value of the excess of fair value of rent at the School building over rent expense to be recognized over the life of the Dorchester lease commitment described in Note 10. The balance consists of the following at June 30:

	2016	2015
Amounts to be recognized as unrestricted revenue		
Within one year	\$ 446,600	\$ 446,600
Within one to five years	2,233,000	2,233,000
After five years	<u>16,970,800</u>	<u>17,417,400</u>
	19,650,400	20,097,000
Discount on amount to be recognized as unrestricted revenue within one year at 1% per annum	(158,344)	(161,198)
Discount on amount to be recognized as unrestricted revenue after one year at 1% per annum	<u>(3,657,650)</u>	<u>(3,815,994)</u>
RCAB support receivable - rent, net	<u>\$ 15,834,406</u>	<u>\$ 16,119,808</u>

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following major classifications at June 30:

	2016	2015
Furniture, fixtures and equipment	\$ 212,971	\$ 284,722
Vehicles	130,952	150,228
Computers and equipment	78,651	86,986
Building improvements	2,248,141	2,248,141
	2,670,715	2,770,077
Less accumulated depreciation	(723,228)	(682,280)
Property and equipment, net	\$ 1,947,487	\$ 2,087,797

Depreciation expense amounted to \$160,029 and \$166,258 during the years ended June 30, 2016 and 2015, respectively.

**NOTE 7 - SALE OF 40 NORRIS STREET**

In October 2010, the School reached an agreement with the Roman Catholic Archdiocese of Boston (the "Archdiocese") regarding the proceeds of the sale of the 40 Norris Street building in North Cambridge, Massachusetts. This building was sold in June 2010 for a sale price of \$3,600,000. Pursuant to a Memorandum of Understanding between the School, the Archdiocese, and the Parish of Blessed Mother Theresa (the "Parish") in Dorchester, Massachusetts, (the "Memorandum"), the Archdiocese contributed the net proceeds of the sale, following the payment of \$1,200,000 to the Parish and \$238,475 of expenses paid by the Archdiocese, to the School. These net proceeds consisted of (a) the forgiveness of an amount of \$750,000 on a line of credit, (b) \$250,000 of an unrestricted contribution, and (c) an amount of \$1,161,255 (as of October 2010) that is being held in trust by the Archdiocese (amount is \$1,062,271 and \$1,156,953 at June 30, 2016 and 2015, respectively). Since the School has an irrevocable right to receive the income from the amount held in trust, the School recorded the amount as a beneficial interest in perpetual trust (perpetual trust held by a third party) at June 30, 2016 and 2015.

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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**NOTE 8 - COMMITMENTS AND CONTINGENCIES**

Grants, bequests, and endowments often require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, the Board of Trustees deems the contingency unlikely, since by accepting the gifts and their terms, it has made a commitment to fulfill the provisions of the gifts.

Pursuant to the Memorandum described in Note 7, the School is required to make payments to the Parish when the School reaches certain enrollment benchmarks. The School did not reach that benchmark for the year ended June 30, 2016, and as such did not include any additional rent in the statement of activities for 2016. The School reached that benchmark for the year ended June 30, 2015, and as such, \$100,000 has been included in additional rent on the statement of activities for 2015.

The School leases copy machines and other equipment under various non-cancelable operating leases expiring during the year ended June 30, 2017, and incurred rent expense under these leases of \$15,900 and \$22,610 for the years ended June 30, 2016 and 2015, respectively. Future minimum payments under these leases amount to \$11,925 in 2017. As an inducement to enter into new copier leases with another company, the School received \$33,995 to pay off its old copier leases.

On May 26, 2015, the School entered into a contract with its former President which was effective June 8, 2015. Under the terms of the contract, the School was obligated to compensate the President \$160,000 per year through the contract expiration date of June 30, 2018. This contract was terminated June 2016. On July 1, 2016, the School entered into a contract with its current President, which is effective July 1, 2016. Under the terms of the contract, the School is obligated to compensate the President \$181,000 per year, subject to increase, through the contract expiration date of June 30, 2019.

**NOTE 9 - RELATED PARTY TRANSACTIONS**

During the years ended June 30, 2016 and 2015, the Work Study Program recognized \$253,500 and \$352,600, respectively, of sponsor revenue from businesses affiliated with members of the Work Study Program's Board of Trustees.

The Catholic School Foundation is a related organization of the Archdiocese and provided tuition support amounting to \$70,400 and \$60,640 during the years ended June 30, 2016 and 2015, respectively. This amount is included in the accompanying combined statements of activities in the caption grants and contributions.

The School has a beneficial interest in a perpetual trust held by the Archdiocese in the amount of \$1,062,271 and \$1,156,953 at June 30, 2016 and 2015, respectively.

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 10 - LEASE AGREEMENT – DORCHESTER SCHOOL BUILDING**

In March 2010, the School signed a lease agreement with the RCAB for the School building in Dorchester, Massachusetts. The term of this agreement is for fifty years starting on July 1, 2010, and terminating on June 30, 2060. Future minimum lease payments are as follows starting as of June 30, 2010: \$1 per year for Years 1-30 of the lease, \$50,000 per year for Years 31-40, and \$100,000 per year for Years 41-50. Because of the increases in rent, over the life of the lease the School records rent expense on a straight-line basis over the life of the lease, which differs from the actual rent payment schedule. The corresponding liability is recorded as deferred rent in the accompanying combined balance sheet. The balance of deferred rent as of June 30, 2016 and 2015 was \$180,000 and \$150,000, respectively. Accordingly, building rent expense of \$30,000 has been recognized during the years ended June 30, 2016 and 2015, respectively, and is allocated to program services expenses and general and administrative expenses. Lease payments in Years 31-50 can be reduced by tenant improvements to the School building.

The approximate excess of fair value of rent over rent expense in the lease amounted to \$446,600 during the years ended June 30, 2016 and 2015. This expense is shown in the combined statements of activities under the heading “related party support.” The School also released \$285,402 and \$282,576 from temporarily restricted net assets as of June 30, 2016 and 2015, respectively, and realized \$161,198 and \$164,024 in the amortization of the discount for the fair value of the rent as of June 30, 2016 and 2015, respectively. Both the release from restriction and the amortization of the discount for the fair value of the rent are shown in the combined statements of activities under the heading “related party support.”

**NOTE 11 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

A summary of activity of temporarily and permanently restricted net assets as of June 30, 2016 is as follows:

	Beginning of Year	Grants and Contributions	Investment Income (Loss)	Appropriated for Expenditure	End of Year
<b>Temporarily restricted net assets</b>					
Endowment funds - scholarships	\$ 30,333	\$ --	\$ 6,075	\$ --	\$ 36,408
Other	37,817	190,835	--	(94,135)	134,517
RCAB support	<u>16,119,808</u>	<u>--</u>	<u>--</u>	<u>(285,402)</u>	<u>15,834,406</u>
Total	<u>\$16,187,958</u>	<u>\$ 190,835</u>	<u>\$ 6,075</u>	<u>\$ (379,537)</u>	<u>\$16,005,331</u>
<b>Permanently restricted net assets</b>					
Endowment funds - scholarships	\$ 130,056	\$ --	\$ --	\$ --	\$ 130,056
Beneficial interest in perpetual trust	<u>1,156,953</u>	<u>--</u>	<u>(94,682)</u>	<u>--</u>	<u>1,062,271</u>
Total	<u>\$ 1,287,009</u>	<u>\$ --</u>	<u>\$ (94,682)</u>	<u>\$ --</u>	<u>\$ 1,192,327</u>

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 11 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)**

A summary of activity of temporarily and permanently restricted net assets as of June 30, 2015 is as follows:

	Beginning of Year	Grants and Contributions	Investment Income (Loss)	Appropriated for Expenditure	End of Year
Temporarily restricted net assets					
Endowment funds - scholarships	\$ 24,258	\$ --	\$ 6,075	\$ --	\$ 30,333
Operating expenses (time-restricted)	35,000	--	--	(35,000)	--
Capital improvements	141,809	36,039	--	(177,848)	--
Other	73,089	81,004	--	(116,276)	37,817
RCAB support	<u>16,402,384</u>	<u>--</u>	<u>--</u>	<u>(282,576)</u>	<u>16,119,808</u>
<b>Total</b>	<u><u>\$16,676,540</u></u>	<u><u>\$ 117,043</u></u>	<u><u>\$ 6,075</u></u>	<u><u>\$ (611,700)</u></u>	<u><u>\$16,187,958</u></u>
Permanently restricted net assets					
Endowment funds - scholarships	\$ 129,775	\$ --	\$ 281	\$ --	\$ 130,056
Beneficial interest in perpetual trust	<u>1,284,601</u>	<u>--</u>	<u>(127,648)</u>	<u>--</u>	<u>1,156,953</u>
<b>Total</b>	<u><u>\$ 1,414,376</u></u>	<u><u>\$ --</u></u>	<u><u>\$ (127,367)</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 1,287,009</u></u>

**NOTE 12 - RETIREMENT PLAN**

The School and Work Study program participate in the retirement plan of the Archdiocese. The Plan is for non-religious employees who are full-time active employees, and are either 1) at least 21 years of age and have earned one year of service credit, or 2) have earned three years of service credit. Contributions to the Plan were \$41,935 and \$23,835 during the years ended June 30, 2016 and 2015, respectively. The School paid \$2,538 and \$3,561 in administration fees for the years ended June 30, 2016 and 2015, respectively.

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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**NOTE 13 - CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the School and Work Study Program to concentrations of credit risk consist principally of cash and cash equivalents, pledges and accounts receivable. The School and Work Study Program have a potential concentration of credit risk in that it maintains deposits with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation (“FDIC”). The FDIC insures up to \$250,000, per depositor, per insured depository institution for each account ownership category. All of the School and Work Study Programs’ cash is held at two institutions. At certain times during the year, cash balances may exceed FDIC limits. Concentrations of credit risk with respect to pledges and accounts receivable are limited due to the number of contributors and sponsorships comprising the School’s and Work Study Program’s contributor and sponsorships base and their dispersion across different industries, government sectors, and geographic areas.

**NOTE 14 - NOTE PAYABLE**

In July 2012, the School entered into a note payable with the RCAB. The limit on the note payable is \$200,000, of which \$113,374 and \$132,029 were outstanding as of June 30, 2016 and 2015, respectively. The note payable accrues interest at a variable rate (3.75% as of June 30, 2016 and 4% as of June 30, 2015), with monthly principal and interest payments of \$2,131, payable monthly starting September 1, 2012 until the balance is paid off. The note is secured by the School’s investments in the School’s Common Investment Fund Endowment account. Interest paid on the note payable was \$6,800 and \$3,639 for the years ended June 30, 2016 and 2015, respectively. The required future principal payments for the next five years and in aggregation are as follows:

For the Years Ended	Amount
2017	\$ 20,222
2018	21,257
2019	22,344
2020	23,487
2021	24,689
Thereafter	<u>1,375</u>
	<u>\$ 113,374</u>

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**COMBINING SCHEDULE OF FINANCIAL POSITION**

**FOR THE YEAR ENDED JUNE 30, 2016**

	Cristo Rey Boston High School, Inc.	Cristo Rey Boston Corporate Work Study Program, Inc.	Eliminations	Combined Totals
<b>Assets</b>				
Cash and cash equivalents	\$ 139,108	\$ 42,642	\$ --	\$ 181,750
Accounts receivable, net	63,358	235,174	--	298,532
Pledges receivable	19,075	--	--	19,075
Restricted cash	11,511	--	--	11,511
Investment	285,126	--	--	285,126
RCAB support receivable - rent, net	15,834,406	--	--	15,834,406
Property and equipment, net	1,947,487	--	--	1,947,487
Other assets	2,650	--	--	2,650
Beneficial interest in perpetual trust	1,062,271	--	--	1,062,271
<b>Total Assets</b>	<u>\$19,364,992</u>	<u>\$ 277,816</u>	<u>\$ --</u>	<u>\$19,642,808</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 150,844	\$ 2,291	--	\$ 153,135
Note payable	113,374	--	--	113,374
Deferred revenue	939	48,500	--	49,439
Student activity deposits	3,317	--	--	3,317
Deferred rent	180,000	--	--	180,000
Funds held for contracts	11,511	--	--	11,511
<b>Total Liabilities</b>	<u>459,985</u>	<u>50,791</u>	<u>--</u>	<u>510,776</u>
<b>Net Assets</b>				
Unrestricted	1,707,349	227,025	--	1,934,374
Temporarily restricted	16,005,331	--	--	16,005,331
Permanently restricted	1,192,327	--	--	1,192,327
<b>Total Net Assets</b>	<u>18,905,007</u>	<u>227,025</u>	<u>--</u>	<u>19,132,032</u>
<b>Total Liabilities and Net Assets</b>	<u>\$19,364,992</u>	<u>\$ 277,816</u>	<u>\$ --</u>	<u>\$19,642,808</u>

*See independent auditors' report.*



**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**COMBINING SCHEDULE OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2016**

	Cristo Rey Boston High School, Inc.				Cristo Rey Boston Corporate Work Study Program, Inc.				Eliminations	Combined Totals			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Operating Revenues and Support</b>													
Tuition, gross	\$ 1,341,792	\$ --	\$ --	\$ 1,341,792	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,341,792	\$ --	\$ --	\$ 1,341,792
Financial aid	(900,815)	--	--	(900,815)	--	--	--	--	--	(900,815)	--	--	(900,815)
Tuition, net	440,977	--	--	440,977	--	--	--	--	--	440,977	--	--	440,977
Sponsor revenue	2,369,002	--	--	2,369,002	2,662,034	--	--	2,662,034	(2,369,002) (a)	2,662,034	--	--	2,662,034
Grants and contributions	858,392	190,835	--	1,049,227	--	--	--	--	--	858,392	190,835	--	1,049,227
Investment and interest income	43,590	6,075	--	49,665	--	--	--	--	--	43,590	6,075	--	49,665
Realized and unrealized losses													
on investments	(564)	--	(94,682)	(95,246)	--	--	--	--	--	(564)	--	(94,682)	(95,246)
Miscellaneous	23,396	--	--	23,396	900	--	--	900	--	24,296	--	--	24,296
Net assets released from temporary restrictions	94,135	(94,135)	--	--	--	--	--	--	--	94,135	(94,135)	--	--
<b>Total Operating Revenues and Support</b>	<b>3,828,928</b>	<b>102,775</b>	<b>(94,682)</b>	<b>3,837,021</b>	<b>2,662,934</b>	<b>--</b>	<b>--</b>	<b>2,662,934</b>	<b>(2,369,002)</b>	<b>4,122,860</b>	<b>102,775</b>	<b>(94,682)</b>	<b>4,130,953</b>
<b>Expenses</b>													
Program services	2,751,574	--	--	2,751,574	2,912,019	--	--	2,912,019	(2,369,002) (a)	3,294,591	--	--	3,294,591
General and administrative	1,088,409	--	--	1,088,409	11,759	--	--	11,759	--	1,100,168	--	--	1,100,168
Fundraising	320,688	--	--	320,688	--	--	--	--	--	320,688	--	--	320,688
<b>Total Expenses</b>	<b>4,160,671</b>	<b>--</b>	<b>--</b>	<b>4,160,671</b>	<b>2,923,778</b>	<b>--</b>	<b>--</b>	<b>2,923,778</b>	<b>(2,369,002)</b>	<b>4,715,447</b>	<b>--</b>	<b>--</b>	<b>4,715,447</b>
<b>(Decrease) Increase in Net Assets Before Related Party Support</b>	<b>(331,743)</b>	<b>102,775</b>	<b>(94,682)</b>	<b>(323,650)</b>	<b>(260,844)</b>	<b>--</b>	<b>--</b>	<b>(260,844)</b>	<b>--</b>	<b>(592,587)</b>	<b>102,775</b>	<b>(94,682)</b>	<b>(584,494)</b>
<b>Related Party Support (Expense)</b>													
Fair value of rent - amortization of discount	161,198	--	--	161,198	--	--	--	--	--	161,198	--	--	161,198
Fair value of rent adjustment	285,402	(285,402)	--	--	--	--	--	--	--	285,402	(285,402)	--	--
Building rent expense	(446,600)	--	--	(446,600)	--	--	--	--	--	(446,600)	--	--	(446,600)
<b>Total Related Party Support (Expense)</b>	<b>--</b>	<b>(285,402)</b>	<b>--</b>	<b>(285,402)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(285,402)</b>	<b>--</b>	<b>(285,402)</b>
<b>Decrease in Net Assets</b>	<b>(331,743)</b>	<b>(182,627)</b>	<b>(94,682)</b>	<b>(609,052)</b>	<b>(260,844)</b>	<b>--</b>	<b>--</b>	<b>(260,844)</b>	<b>--</b>	<b>(592,587)</b>	<b>(182,627)</b>	<b>(94,682)</b>	<b>(869,896)</b>
<b>Net Assets at Beginning of Year</b>	<b>2,039,092</b>	<b>16,187,958</b>	<b>1,287,009</b>	<b>19,514,059</b>	<b>487,869</b>	<b>--</b>	<b>--</b>	<b>487,869</b>	<b>--</b>	<b>2,526,961</b>	<b>16,187,958</b>	<b>1,287,009</b>	<b>20,001,928</b>
<b>Net Assets at End of Year</b>	<b>\$ 1,707,349</b>	<b>\$ 16,005,331</b>	<b>\$ 1,192,327</b>	<b>\$ 18,905,007</b>	<b>\$ 227,025</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 227,025</b>	<b>\$ --</b>	<b>\$ 1,934,374</b>	<b>\$ 16,005,331</b>	<b>\$ 1,192,327</b>	<b>\$ 19,132,032</b>

(a) To eliminate intercompany support and program services expenses

*See independent auditors' report.*

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**COMBINING SCHEDULE OF PROGRAM SERVICES EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2016**

	Cristo Rey Boston High School, Inc.	Cristo Rey Boston Corporate Work Study Program, Inc.	Eliminations	Combined Totals
Salaries	\$ 1,960,684	\$ 281,544	\$ --	\$ 2,242,228
Fringe benefits	381,329	61,418	--	442,747
Student food service	97,873	--	--	97,873
Bus drivers	--	95,075	--	95,075
Sports programs	63,588	--	--	63,588
Student activities	59,339	--	--	59,339
Textbooks	51,843	--	--	51,843
Volunteer support	45,042	--	--	45,042
Leased buses	--	43,541	--	43,541
Transportation	13,459	28,125	--	41,584
Supplies	39,436	1,126	--	40,562
Building rent	23,970	--	--	23,970
Student training and seminars	--	23,635	--	23,635
Student testing	8,189	--	--	8,189
Miscellaneous	6,822	380	--	7,202
Recruiting	--	4,500	--	4,500
Sponsor events	--	3,673	--	3,673
Support payments to Cristo Rey Boston High School, Inc.	--	2,369,002	(2,369,002) (a)	--
	<u>\$ 2,751,574</u>	<u>\$ 2,912,019</u>	<u>\$ (2,369,002)</u>	<u>\$ 3,294,591</u>

(a) To eliminate intercompany support and program services expenses

*See independent auditors' report.*

**CRISTO REY BOSTON HIGH SCHOOL INC. AND  
CRISTO REY BOSTON CORPORATE WORK STUDY PROGRAM, INC.**

**COMBINING SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2016**

	Cristo Rey Boston High School, Inc.	Cristo Rey Boston Corporate Work Study Program, Inc.	Eliminations	Combined Totals
Salaries	\$ 346,755	\$ --	\$ --	\$ 346,755
Maintenance	178,079	--	--	178,079
Depreciation	155,814	4,215	--	160,029
Fringe benefits	138,629	--	--	138,629
Service contracts	63,912	1,612	--	65,524
Professional fees	33,087	1,264	--	34,351
Dues and subscriptions	33,329	--	--	33,329
Utilities	27,871	--	--	27,871
Telephone	23,841	2,984	--	26,825
Office supplies	24,749	--	--	24,749
Insurance	19,934	--	--	19,934
Advertising	12,263	160	--	12,423
Postage and delivery	9,259	--	--	9,259
Interest	6,800	--	--	6,800
Building rent	6,030	--	--	6,030
Bank and brokerage fees	5,273	128	--	5,401
Miscellaneous	2,784	1,396	--	4,180
	<u>\$ 1,088,409</u>	<u>\$ 11,759</u>	<u>\$ --</u>	<u>\$ 1,100,168</u>

*See independent auditors' report.*