Audited
Financial Statements

Boston Catholic
Television Center, Inc.

June 30, 2009

G.T. Reilly & Company
Certified Public Accountants/Business Consultants

Boston Catholic Television Center, Inc.

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Internationally,
Moore Stephens Reilly, P.C.
Reilly Consulting Group, Inc.
ReillyTech
Reilly Benefits
Reilly Small Business Group

INDEPENDENT AUDITORS' REPORT

Board of Incorporators
Boston Catholic Television Center, Inc.

We have audited the accompanying statements of financial position of Boston Catholic Television Center, Inc. as of June 30, 2009 and 2008, and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Center'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 Boston Catholic Television Center, Inc. as of June 30, 2009 and 2008, and the results of its activities and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

G. T. Reilly & Company

G. T. Reilly & Company

Milton, Massachusetts
October 22, 2009

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Boston Catholic Television Center, Inc.

Statements of Financial Position

June 30

	2009	2008
Assets		
Cash and cash equivalents (Note 1)	**$ 220,328**	$ 308,444
Contributions and accounts receivable (Notes 1 & 3)	**109,665**	-
Accrued interest and dividends receivable	**126,133**	198,128
Investments at market value (Notes 1, 2 & 3)	**15,862,391**	20,008,231
Prepaid expenses and other assets	**55,378**	54,493
Property and equipment, net (Notes 1 & 4)	**9,919,714**	9,938,205
TOTAL ASSETS	**$ 26,293,609**	$ 30,507,501
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	**$ 218,042**	$ 258,663
Due to affiliate (Note 8)	**76,278**	135,737
	294,320	394,400
Net Assets (Notes 1 & 9)		
Unrestricted	**20,865,463**	24,204,913
Temporarily restricted	**108,826**	883,188
Permanenty restricted	**5,025,000**	5,025,000
	25,999,289	30,113,101
TOTAL LIABILITIES AND NET ASSETS	**$ 26,293,609**	$ 30,507,501

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

Statements of Activities and Changes in Net Assets

	Year Ended June 30, 2009				Year Ended June 30, 2008			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS & OTHER SUPPORT:								
Contributions	**$ 1,335,823**	**$ 46,200**	**$ -**	**$ 1,382,023**	$ 1,369,864	$ 142,865	$ -	$ 1,512,729
Legacies and bequests	**1,271,815**	**-**	**-**	**1,271,815**	638,403	4,521	-	642,924
Investment income	**425,515**	**206,326**	**-**	**631,841**	630,538	253,655	-	884,193
Educational programming & broadcasting (Note 5)	**-**	**-**	**-**	**-**	39,682	-	-	39,682
Net assets released from restrictions through satisfaction of program restrictions (Note 9)	**272,434**	**(272,434)**		**-**	336,056	(336,056)	-	-
Net realized & unrealized (losses) gains on investments (Notes 1 & 2)	**(1,891,386)**	**(754,454)**	**-**	**(2,645,840)**	(1,847,264)	(642,647)	-	(2,489,911)
Other	**3,965**	**-**	**-**	**3,965**	2,175	-	-	2,175
TOTAL REVENUES, GAINS & OTHER SUPPORT	**1,418,166**	**(774,362)**	**-**	**643,804**	1,169,454	(577,662)	-	591,792
EXPENSES								
Salaries	**1,459,192**			**1,459,192**	1,237,961			1,237,961
Payroll taxes	**97,235**			**97,235**	81,386			81,386
Fringe Benefits	**257,795**			**257,795**	225,322			225,322
Fundraising	**78,541**			**78,541**	80,705			80,705
Broadcasting	**687,546**			**687,546**	564,284			564,284
Occupancy	**264,436**			**264,436**	409,026			409,026
Contract services	**359,367**			**359,367**	235,887			235,887
Supplies and materials	**361,413**			**361,413**	303,847			303,847
Maintenance of equipment	**103,389**			**103,389**	77,391			77,391
Postage	**53,493**			**53,493**	57,763			57,763
Legal and accounting	**95,228**			**95,228**	122,187			122,187
Service fees	**4,270**			**4,270**	2,807			2,807
Telephone	**91,640**			**91,640**	68,567			68,567
Depreciation and amortization	**604,183**			**604,183**	349,341			349,341
Contributions (Note 8)	**-**			**-**	455,384			455,384
Miscellaneous	**239,888**			**239,888**	168,378			168,378
TOTAL EXPENSES	**4,757,616**	**-**	**-**	**4,757,616**	4,440,236	-	-	4,440,236
DECREASE IN NET ASSETS	**(3,339,450)**	**(774,362)**	**-**	**(4,113,812)**	(3,270,782)	(577,662)	-	(3,848,444)
NET ASSETS AT BEGINNING OF YEAR	**24,204,913**	**883,188**	**5,025,000**	**30,113,101**	27,475,695	1,460,850	5,025,000	33,961,545
NET ASSETS AT END OF YEAR	**$ 20,865,463**	**$ 108,826**	**$ 5,025,000**	**$ 25,999,289**	$ 24,204,913	$ 883,188	$ 5,025,000	$ 30,113,101

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

Statements of Cash Flows

Year Ended June 30

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ (4,113,812)**	$ (3,848,444)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**604,183**	349,341
Net realized and unrealized losses (gains) on investments	**2,645,840**	2,489,911
Changes in operating assets and liabilities:		
Accounts receivable	**(109,665)**	4,000
Accrued interest and dividends receivable	**71,995**	61,699
Prepaid expenses and other assets	**(885)**	18,188
Accounts payable and accrued expenses	**(40,621)**	(211,227)
NET CASH APPLIED TO OPERATING ACTIVITIES	**(942,965)**	(1,136,532)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of securities	**1,500,000**	3,500,000
Land, building renovations and fixtures	**(215,218)**	(3,318,793)
Additions to equipment	**(370,474)**	(186,231)
NET CASH PROVIDED FROM (APPLIED TO) INVESTING ACTIVITIES	**914,308**	(5,024)
CASH FLOWS FROM FINANCING ACTIIVITIES		
(Decrease) increase in amount due to affiliate (Note 8)	**(59,459)**	59,459
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(88,116)**	(1,082,097)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**308,444**	1,390,541
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 220,328**	$ 308,444

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

Notes to Financial Statements

June 30, 2008

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – Boston Catholic Television Center, Inc. (the Corporation) provides religious and educational television programming to the Roman Catholic community. Support for these services is provided by contributions from the general public.

Financial Statement Presentation - The Corporation reports information regarding its financial position and activities according to three classes of net assets as determined by donor-imposed restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets (see Note 9).

Accounting Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual amounts could differ from those estimates.

Evaluation of Subsequent Events – In accordance with generally accepted accounting principles, management has evaluated subsequent events involving the Corporation for potential recognition or disclosure in the accompanying financial statements. Subsequent events are events or transactions that occurred after June 30, 2009 (the date of the accompanying financial statements) up through October 22, 2009, the date the accompanying financial statements were available to be issued.

Cash and Cash Equivalents - The Corporation considers short-term, highly-liquid investments with original maturities of three months or less at acquisition to be cash equivalents.

Contributions and Accounts Receivable - Contributions and accounts receivable are due within one year and are stated net of an allowance for doubtful accounts, when considered necessary, which would be reported on the face of the Corporation's statement of financial position. The allowance is established via a provision for bad debts charged to operations. On a periodic basis, management evaluates its contributions and accounts receivable and establishes or adjusts its allowance to an amount that it believes will be adequate to absorb possible losses on accounts that may become uncollectible, based on evaluations of the collectibility of individual accounts, the history of prior loss experience and on current economic conditions. Accounts are written off and charged against the allowance when management believes that the collectibility of the specific account is unlikely. The accompanying statements of financial position at June 30, 2009 and 2008 do not include an allowance for doubtful accounts as one was not considered necessary by management.

Investments - The Corporation's investments are carried at fair value (see Notes 2 & 4). Changes in fair value are reflected in the statement of activities as net realized and unrealized gains (losses) on investments.

Note 1 - Summary of Significant Accounting Policies (Cont.)

Property and Equipment – Property and equipment are stated at cost. Maintenance, repairs and minor renewals and additions are expensed as incurred whereas major renewals and betterments are capitalized. When an asset is retired or disposed of, the related costs and allowances for depreciation or amortization are removed from the accounts and any gain or loss on the disposition is reflected in the statement of activities. Depreciation is provided over the estimated useful lives of the assets by using straight-line methods. The estimated useful lives used in the computation are as follows:

Assets	Estimated Useful Lives in Years
Building and renovations	40
Furniture, fixtures and equipment	7-10
Motor vehicles	5

Contributions and Donor Restrictions - Contributions receivable that are unconditional promises to give are recognized as revenues in the period made at their fair values. Those that are pledged or expected to be collected after one year or over a period of years are recorded at the discounted present value of expected future cash flows. Subsequent accruals of the "interest" element of the receivable are also recorded as contributions income.

The Corporation reports contributions of cash or other assets as restricted support, thereby increasing temporarily restricted net assets, if they are received with donor stipulations that limit, specify or otherwise restrict the use of such contributions. When a donor restriction expires, either by use of the funds for the specified purpose or by the expiration of a time restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions (see Note 9).

Contributions received for the purpose of, or in connection with a campaign to raise funds for acquiring property or equipment, or renovating a facility, are reported as support, increasing temporarily restricted net assets. When the expenditures for the acquisition or renovations are incurred, the financial statements report a reduction in temporarily restricted net assets and an increase in unrestricted net assets.

Endowment funds established by donor restrictions to permanently maintain the principal, while allowing the use of income generated therefrom, are classified as permanently restricted net assets. Income derived from the investment of endowment funds is reported as unrestricted revenue or as restricted revenue depending on the terms of the donor instrument.

Under the provisions of Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations", and Massachusetts General Laws, unrealized gains from endowment fund investments are reported as increases in temporarily restricted net assets unless the donor explicitly states otherwise. Unrealized losses are first recorded as reductions to temporarily restricted net assets derived from endowment funds then to unrestricted net assets (see Note 9).

Contributed Services - Contributions of services to the Corporation are recognized as support with an equal amount recognized as expense if the services provided require special skills and would need to be purchased by the Corporation if not contributed (see Note 7).

Income Tax Status - The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 2 - Investments

Investments consist of the following at June 30:

	2009		2008	
	Cost	**Market Value**	Cost	Market Value
Common Investment Fund, Roman Catholic Archbishop of Boston	**$13,326,972**	**$13,728,610**	$14,728,557	$17,877,615
Fixed Income Investment Fund, Roman Catholic Archbishop of Boston	**2,678,745**	**2,133,781**	2,678,745	2,130,616
	$16,005,717	**$15,862,391**	$17,407,302	$20,008,231

Investments represent the Corporation's unit holdings in the Common Investment Fund, Roman Catholic Archbishop of Boston (the "Common Investment Fund") and the Fixed Income Fund, Roman Catholic Archbishop of Boston, A Corporation Sole (the "Fixed Income Investment Fund"), separate related organizations established to provide common investment pools in which the Corporation and other related organizations may participate. The participants own units based upon a per-unit value at the time of purchase. The Common Investment Fund and the Fixed Income Fund incur service fees from the Corporation Sole for administrative and clerical services performed on behalf of the two funds. These fees are reflected in the calculation of the value per unit. Dividend income from these investments totaled $631,841 and $868,969 for the years ended June 30, 2009 and 2008, respectively.

The Common Investment Fund invests nearly all of its funds in the RCAB Collective Investment Partnership (the "Investment Partnership"), the underlying investments of which are primarily equity and fixed-income securities (U.S. Government and agency securities, asset-backed securities and corporate bonds) owned either directly or indirectly through mutual funds and private entities. The fair value of the Investment Partnership's investments in actively-traded domestic securities is determined by State Street Corporation, which obtains bid price quotations from independent pricing services on most securities. Investments in traded foreign securities are fair valued by State Street Corporation at the mean between bid and asked prices. For those securities whose prices are not available through independent pricing services, bid price quotations are obtained by State Street Corporation from principal makers in those securities or at fair value as determined in good faith by management. Investment holdings of private investment entities that are not actively traded are valued by the managers of these entities. At June 30, 2009, securities whose prices are not available through independent pricing services are limited to less than 6% of the total investments of the investment fund.

The Fixed Income Investment Fund invests all of its funds in the State Street Prime Money Market Fund. The fair value is based on the underlying net asset value of the Fund as valued by State Street Global Advisors, the investment manager of the Fund.

The Center's investments (including investments bought, sold and held during the year) appreciated (depreciated) in value as follows during the years ended June 30:

	2009	2008
Common Investment Fund, Roman Catholic Archbishop of Boston	**$(2,649,005)**	$(2,006,361)
Fixed Income Investment Fund, Roman Catholic Archbishop of Boston	**3,165**	(483,550)
Net appreciation in fair value	**$(2,645,840)**	$(2,489,911)

Risks and Uncertainties – The Corporation's investments in mutual funds are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with these investment securities, and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the Statements of Financial Position and the Statement of Activities.

Note 3 – Fair Value Measurements

The Corporation adopted Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" (FAS 157) effective July 1, 2008. FAS 157 establishes a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value, giving 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 under FAS 157 are described below:

Level 1 – Valuations based on quoted prices available in active markets for identical assets and liabilities.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable either directly or indirectly for the asset or liability.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement for the asset or liability.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The methods used for valuing the assets and liabilities are not necessarily an indication of the risks associated with those assets.

Investments – Unit values in the Common Investment Fund (CIF) and Fixed Income Fund (FIF) do not have quoted prices in active markets or significant other observable inputs that have quoted market prices although the Corporation can redeem its investment at the net asset value per share at June 30, 2009. These assets are classified as being Level 2 inputs under the fair value hierarchy following 2009-12 FASB Accounting Standards Update, which the Corporation adopted an early application. The Corporation estimates the fair value of its unit holdings in the CIF and FIF based on the Corporation's share of the underlying investment portfolio that consists of actively-traded equities, bonds and money market funds.

The Corporation's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2009, by level within the fair value hierarchy, are presented in the table below. Financial assets measured at fair value on a nonrecurring basis, such as contributions receivable, are excluded from the table.

	Level 1 Quoted Prices in Active Markets for Identical Assets	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs	Balance as of June 30, 2009
Units of Common Investment Fund	$ -	$ 13,728,610	$ -	$ 13,728,610
Units of Fixed Income Investment Fund	-	2,133,781		2,133,781
	$ -	$ 15,862,391	$ -	$ 15,862,391

Note 4 – Property and Equipment

Property and equipment consist of the following at June 30:

	2009	2008
Land	**$ 440,663**	$ 440,663
Building and renovations	**6,166,405**	6,166,405
Furniture and fixtures	**3,351,558**	3,136,340
Motor vehicle	**63,863**	63,863
Equipment	**8,557,574**	8,187,100
	18,580,063	17,994,371
Less accumulated provisions for depreciation	**8,660,349**	8,056,166
	$ 9,919,714	$ 9,938,205

Note 4 – Property and Equipment (Cont.)

In January of 2005, the Corporation purchased land and a building, consisting of a former convent, from St. Patrick's Parish in Watertown, Massachusetts (a parish included in the Roman Catholic Archdiocese of Boston) at a price of $1.5 million. In 2008, the Corporation completed the renovation of the land and building. The total cost of the purchase and renovation approximated $9.7 million. Construction was funded through contributions and investments of the Corporation.

Note 5 - Lease Commitments

As Lessee

The Corporation leases certain equipment and commercial space to accommodate certain broadcasting equipment under agreements expiring at various dates through the year 2018. In addition, the Corporation previously leased its office and broadcast facilities. These facility's lease payments included base rent and parking plus tenant share of real estate taxes and common utilities. During 2007, the Corporation entered into a lease amendment since it moved out of its principal place of business in July, 2007 into corporate-owned facilities (Note 4). The agreement required the Corporation to pay the base rent through September, 2007 at which time it made a one-time payment of $325,000 in full satisfaction of all future payments required under the lease. This commitment was amortized over the remaining term of the lease expiring in 2008 with amortization of $243,750 recorded in 2007 and $81,250 recorded in 2008.

Future minimum lease commitments are as follows:

Year Ending June 30	
2010	$ 54,000
2011	42,000
2012	42,000
2013	43,000
2014	44,000
2015 and thereafter	202,000
	$ 427,000

Rent expense under the terms of these leases approximated $77,000 and $284,000 for the years ended June 30, 2009 and 2008, respectively.

As Lessor

The Corporation was the lessor in an agreement whereby it leased certain of its excess capacity with respect to the Instructional Television Fixed Service channels licensed to it by the Federal Communications Commission. The agreement required the lessee to pay a monthly fee based on the number of its service subscribers, subject to a current minimum monthly fee of $4,000 through April, 2008. For the year ended June 30, 2008, the lease generated revenue of $40,000. In April 2008 the agreement was cancellled.

Note 6 - Employee Pension Plan

The Corporation participates in a multi-employer noncontributory employee retirement income plan, the Roman Catholic Archdiocese of Boston Pension Plan. The Plan provides defined benefits to participants upon retirement. The amount of the Corporation's annual contribution is actuarially determined and is accrued and funded annually. The relative position of the Corporation with regard to the plan's net assets and actuarial present value of accumulated plan benefits has not been distinguished from those of other groups participating in the retirement income plan.

Pension expense for the years ended June 30, 2009 and 2008 was approximately $73,000 and $68,000, respectively.

Note 7 - Contributed Services

For the years ended June 30, 2009 and 2008, the Corporation recorded contributions approximating $125,000 and $114,000, respectively, for the full-time services performed by the priest who serves as its director. This amount represents the estimated additional compensation that would be paid to a layperson performing the same services.

Note 8 - Related Party Transactions

During the years ended June 30, 2009 and 2008, the Corporation was charged $192,988 and $165,138, respectively, for health, life, disability and general insurance administered by the Roman Catholic Archbishop of Boston (RCAB), a Corporation Sole (an entity related by common board members).

During the year ended June 30, 2008 the Corporation contributed $250,000 to the RCAB Communications, an affiliate. In addition, during 2008, the Corporation agreed to pay for the development of the RCAB's website. The total expense incurred relating to the website amounted to $205,384, including an accrued liability of $59,459 at June 30, 2008 to complete the website. The website was completed during 2009 at no additional cost.

During fiscal 2002, the RCAB advanced funds to the Corporation totaling $128,060 to pay expenses on behalf of Boston Catholic Television, Inc. (named Boston Catholic Communications, Inc. at the time). As of June 30, 2009 and 2008, $76,278 of these amounts remain payable to the RCAB.

Note 9 – Restricted Net Assets

Permanently restricted net assets at June 30 are restricted to investment in perpetuity, the income from which is expendable to support:

	2009	2008
Religious programming and education	**$5,000,000**	$5,000,000
Sunday Masses	**20,000**	20,000
Masses	**5,000**	5,000
	$5,025,000	$5,025,000

Temporarily restricted net assets at June 30 consist of the following:

	2009	2008
Restricted for religious programming and education	**$ 45,759**	$ 59,337
Restricted for Masses	**229**	297
Restricted for a grant writer	**62,838**	69,100
Unrealized gains on investments related to permanently restricted net assets (Notes 1 & 2)	**0**	754,454
	$ 108,826	$ 883,188

During the years ended June 30, 2009 and 2008, net assets were released from donor restrictions by incurring expenses or by the occurrence of other events satisfying the restricted purpose are as follows:

	2009	2008
Religious programming and education	**$ 218,877**	$ 256,488
Sunday Masses	**219**	1,026
Masses	**876**	256
Grant writer	**51,262**	900
Land and building renovations (Note 4)	**1,200**	77,386
	$ 272,434	$ 336,056

Note 10 – Endowments

The Corporation's endowments consist of three individual funds established for the support of various activities. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law – The Corporation has historically viewed the Massachusetts Uniform Management of Institutional Funds Act (UMIFA) as requiring the Corporation to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation 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 permanent 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. This is regarded as the "historic dollar value" of the endowment fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets and is regarded as "net appreciation" is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Corporation.

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the "historic dollar value". Deficiencies of this nature are reported in unrestricted net assets and totaled approximately $106,000 as of June 30, 2009. These deficiencies resulted from unfavorable market fluctuations that occurred and continued appropriations for expenditure that were deemed prudent by management. Over time, these deficiencies may reverse due to the appreciation of the underlying investments.

Endowment Investment Policy – The Corporation has adopted an investment philosophy which, combined with the spending rate, attempts to provide a predictable stream of returns thereby making funds available to programs that are supported by its endowment, while at the same time seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Corporation must hold in perpetuity or for donor-specified periods. Under the Corporation's investment policy and spending rate, both of which are approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, the Corporation 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). From the time when the Corporation was organized, the Corporation has invested its endowment investment portfolio in the Common Investment Fund which, in turn, invests in the Investment Partnership. The Investment Committee of Corporation Sole is responsible for selecting the investment managers of the Investment Partnership. The Investment Committee's investment rationale is to include an array of different strategy investment managers for the Investment Partnership's portfolio to reduce overall volatility while providing investment returns above industry benchmarks.

Changes in endowment net assets

	Endowment Fund Net Assets			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
For the year ended June 30, 2009:				
Endowment net assets at beginning of year	$ -	$ 814,088	$ 5,025,000	$ 5,839,088
Interest and dividends	-	206,326	-	206,326
Unrealized losses on invesments	(105,612)	(754,454)	-	(860,066)
Appropriation of endowment assets for expenditure	-	(219,972)	-	(219,972)
Endowment net assets at end of year	$ (105,612)	$ 45,988	$ 5,025,000	$ 4,965,376

Note 10 – Endowments (Cont.)

	Endowment Fund Net Assets			
For the year ended June 30, 2008:	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year	$ -	$ 1,460,849	$ 5,025,000	$ 6,485,849
Interest and dividends	-	253,655	-	253,655
Unrealized losses on invesments	-	(642,647)	-	(642,647)
Appropriation of endowment assets for expenditure	-	(257,769)	-	(257,769)
Endowment net assets at end of year	$ -	$ 814,088	$ 5,025,000	$ 5,839,088

Note 11 - Financial Instruments and Concentrations

The Corporation's financial instruments that potentially subject it to concentrations of credit risk consist of cash, cash equivalents and investments.

The Corporation maintains its cash accounts in high quality financial institutions. At times, the amounts on deposit at any institution may be in excess of insured limits. At June 30, 2009, based on bank balances, cash in excess of the FDIC insurance limit approximated $81,000. The Corporation's cash equivalents consist of $6,600 in uninsured money market funds at June 30, 2009.

As more fully disclosed in Note 2, the Corporation's investments at June 30, 2009 consist of mutual funds administered by the Roman Catholic Archbishop of Boston in an amount approximating $15,862,000.