

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

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JUNE 30, 2009 AND 2008**

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Alexander, Aronson, Finning & Co., P.C.

21 East Main Street, Westborough, MA 01581-1461 (508) 366-9100
Boston, MA (617) 205-9100 Wellesley, MA (781) 965-9100
www.aafcpa.com FAX (508) 366-9789 info@aafcpa.com


INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Catholic Charitable Bureau of the Archdiocese
of Boston, Inc. and Affiliates:

We have audited the accompanying combined statements of financial position of Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates (Massachusetts corporations, not for profit) (collectively, the Organization) as of June 30, 2009 and 2008, and the related combined statements of activities and changes in net assets and cash flows for the years then ended. These combined financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates as of June 30, 2009 and 2008, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


Wellesley, Massachusetts
November 23, 2009

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008**

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
CASH AND CASH EQUIVALENTS	\$ 260,903	\$ 1,373,546
CASH HELD IN ESCROW - RESTRICTED AS TO USE	-	288,577
ACCOUNTS RECEIVABLE , net of allowance for doubtful accounts of approximately \$100,000 and \$200,000 at June 30, 2009 and 2008, respectively	3,114,865	3,086,287
PLEDGES RECEIVABLE , net	103,486	114,653
INVESTMENTS	8,808,254	9,708,853
BENEFICIAL INTERESTS IN PERPETUAL TRUSTS	3,507,411	4,398,260
PROPERTY AND EQUIPMENT , net	20,080,944	20,979,768
OTHER ASSETS	<u>1,858,538</u>	<u>389,817</u>
Total assets	<u>\$ 37,734,401</u>	<u>\$ 40,339,761</u>
 <u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 3,763,697	\$ 3,373,870
Due to the Roman Catholic Archdiocese of Boston	616,161	414,483
Notes payable -		
Banks and others	2,242,465	2,862,035
Roman Catholic Archdiocese of Boston	425,683	425,633
Obligations under capital leases	243,665	353,701
Pension benefits liability	<u>6,609,000</u>	<u>2,731,000</u>
Total liabilities	<u>13,900,671</u>	<u>10,160,722</u>
 NET ASSETS:		
Unrestricted -		
Operating:		
Working capital	-	81,289
Pension plan	<u>(5,879,364)</u>	<u>(1,809,590)</u>
Total operating	<u>(5,879,364)</u>	<u>(1,728,301)</u>
Property and equipment	18,547,095	18,800,820
Board designated	<u>147,305</u>	<u>1,141,917</u>
Total unrestricted	12,815,036	18,214,436
Temporarily restricted	4,283,673	5,068,733
Permanently restricted	<u>6,735,021</u>	<u>6,895,870</u>
Total net assets	<u>23,833,730</u>	<u>30,179,039</u>
Total liabilities and net assets	<u>\$ 37,734,401</u>	<u>\$ 40,339,761</u>

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

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
OPERATING SUPPORT, REVENUE AND GAINS:				
Contributions and fundraising -				
Contributions and fundraising	\$ 6,835,717	\$ 1,940,642	\$ 730,000	\$ 9,506,359
Contributions from United Way organizations	1,710,868	-	-	1,710,868
Contributions from the Roman Catholic Archdiocese of Boston (including in-kind contributions of \$566,799)	<u>625,177</u>	<u>-</u>	<u>-</u>	<u>625,177</u>
Total contributions and fundraising	<u>9,171,762</u>	<u>1,940,642</u>	<u>730,000</u>	<u>11,842,404</u>
Program service fees, grants and contract revenue -				
Individuals	2,866,546	-	-	2,866,546
Medicaid and Medicare	2,257,103	-	-	2,257,103
Commercial insurance fees	779,090	-	-	779,090
Other	48,692	-	-	48,692
Contract revenue from governmental and other agencies	20,299,441	-	-	20,299,441
Grants	<u>2,519,372</u>	<u>103,604</u>	<u>-</u>	<u>2,622,976</u>
Total program service fees, grants and contract revenue	<u>28,770,244</u>	<u>103,604</u>	<u>-</u>	<u>28,873,848</u>
Investment earnings used for operations under the spending policy	451,344	-	-	451,344
Miscellaneous revenue	110,853	-	-	110,853
Net assets released from restrictions used for operations	<u>2,171,667</u>	<u>(2,171,667)</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,733,864</u>	<u>(2,171,667)</u>	<u>-</u>	<u>562,197</u>
Total operating support, revenue and gains	<u>40,675,870</u>	<u>(127,421)</u>	<u>730,000</u>	<u>41,278,449</u>
OPERATING EXPENSES:				
Program services -				
Community social services	18,880,015	-	-	18,880,015
Day care services	13,264,959	-	-	13,264,959
Behavioral health and addiction treatment services	<u>1,971,888</u>	<u>-</u>	<u>-</u>	<u>1,971,888</u>
Total program services	<u>34,116,862</u>	<u>-</u>	<u>-</u>	<u>34,116,862</u>
Support services -				
Management and general	5,188,997	-	-	5,188,997
Fundraising	<u>1,496,374</u>	<u>-</u>	<u>-</u>	<u>1,496,374</u>
Total support services	<u>6,685,371</u>	<u>-</u>	<u>-</u>	<u>6,685,371</u>
Total operating expenses	<u>40,802,233</u>	<u>-</u>	<u>-</u>	<u>40,802,233</u>
Increase (decrease) in net assets from operations	(126,363)	(127,421)	730,000	476,216
OTHER CHANGES IN NET ASSETS:				
Contributions for long-term purposes - capital	72,250	-	-	72,250
Change in fair value of beneficial interests in perpetual trusts	-	-	(890,849)	(890,849)
Investment earnings used for operations under the spending policy	(315,952)	(135,392)	-	(451,344)
Investment earnings	(1,151,335)	(522,247)	-	(1,673,582)
Pension related changes other than net periodic pension cost	<u>(3,878,000)</u>	<u>-</u>	<u>-</u>	<u>(3,878,000)</u>
Decrease in net assets	<u>(5,399,400)</u>	<u>(785,060)</u>	<u>(160,849)</u>	<u>(6,345,309)</u>
NET ASSETS, beginning of year	<u>18,214,436</u>	<u>5,068,733</u>	<u>6,895,870</u>	<u>30,179,039</u>
NET ASSETS, end of year	<u>\$ 12,815,036</u>	<u>\$ 4,283,673</u>	<u>\$ 6,735,021</u>	<u>\$ 23,833,730</u>

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

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
OPERATING SUPPORT, REVENUE AND GAINS:				
Contributions and fundraising -				
Contributions and fundraising	\$ 4,916,263	\$ 1,981,745	\$ -	\$ 6,898,008
Contributions from United Way organizations	1,332,312	-	-	1,332,312
Contributions from the Roman Catholic Archdiocese of Boston (including in-kind contributions of \$459,054)	579,495	-	-	579,495
Total contributions and fundraising	6,828,070	1,981,745	-	8,809,815
Program service fees, grants and contract revenue -				
Individuals	2,772,025	-	-	2,772,025
Medicaid and Medicare	2,395,964	-	-	2,395,964
Commercial insurance fees	570,496	-	-	570,496
Other	43,754	-	-	43,754
Contract revenue from governmental and other agencies	20,834,602	-	-	20,834,602
Grants	2,227,949	239,275	-	2,467,224
Total program service fees, grants and contract revenue	28,844,790	239,275	-	29,084,065
Investment earnings used for operations under the spending policy	487,800	-	-	487,800
Miscellaneous revenue	131,322	-	-	131,322
Net assets released from restrictions used for operations	2,321,464	(2,321,464)	-	-
Subtotal	2,940,586	(2,321,464)	-	619,122
Total operating support, revenue and gains	38,613,446	(100,444)	-	38,513,002
OPERATING EXPENSES:				
Program services -				
Community social services	18,840,155	-	-	18,840,155
Day care services	12,865,066	-	-	12,865,066
Behavioral health and addiction treatment services	1,931,877	-	-	1,931,877
Total program services	33,637,098	-	-	33,637,098
Support services -				
Management and general	5,084,501	-	-	5,084,501
Fundraising	1,477,495	-	-	1,477,495
Total support services	6,561,996	-	-	6,561,996
Total operating expenses	40,199,094	-	-	40,199,094
Decrease in net assets from operations	(1,585,648)	(100,444)	-	(1,686,092)
OTHER CHANGES IN NET ASSETS:				
Gain on disposal of property	372,305	-	-	372,305
Contributions for long-term purposes - capital	325,000	-	-	325,000
Change in fair value of beneficial interests in perpetual trusts	-	-	(432,775)	(432,775)
Investment earnings used for operations under the spending policy	(487,800)	-	-	(487,800)
Investment earnings	(348,782)	(267,442)	-	(616,224)
Pension related changes other than net periodic pension cost	(2,995,000)	-	-	(2,995,000)
Decrease in net assets	(4,719,925)	(367,886)	(432,775)	(5,520,586)
NET ASSETS, beginning of year	22,934,361	5,436,619	7,328,645	35,699,625
NET ASSETS, end of year	\$ 18,214,436	\$ 5,068,733	\$ 6,895,870	\$ 30,179,039

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

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	\$ (6,345,309)	\$(5,520,586)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,380,990	1,287,034
Bad debt recovery	(99,840)	(30,526)
Contributions for long-term purposes - capital	(72,250)	(325,000)
Net change in fair value of beneficial interest in perpetual trusts	890,849	432,775
Net realized and unrealized losses on investments	2,024,468	1,419,785
Gain on disposal of property and equipment	-	(372,305)
Net change in pension benefits liability	3,878,000	2,731,000
Changes in operating assets and liabilities -		
Accounts receivable	71,262	210,675
Pledges receivable	11,167	964,691
Other assets	(1,468,721)	(102,554)
Pension benefits asset	-	264,000
Accounts payable and accrued expenses	389,827	(86,471)
Due to Roman Catholic Archdiocese of Boston	201,678	238,494
	<u>862,121</u>	<u>1,111,012</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(2,800,149)	(4,790,427)
Sales of investments	1,676,280	6,933,365
Proceeds from sale of property	-	416,512
Proceeds from cash held in escrow - restricted for capital purchases	288,577	149,772
Purchase of property and equipment	(482,166)	(1,844,345)
	<u>(1,317,458)</u>	<u>864,877</u>
Net cash provided by (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions for long-term purposes - capital	72,250	325,000
Proceeds from notes payable - banks and others	-	975,000
Proceeds from notes payable - Roman Catholic Archdiocese of Boston	50	3,113
Principal payments on notes payable - banks and others	(619,570)	(1,978,663)
Principal payments on capital lease obligations	(110,036)	(102,853)
	<u>(657,306)</u>	<u>(778,403)</u>
Net cash used in financing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,112,643)	1,197,486
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,373,546</u>	<u>176,060</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 260,903</u>	<u>\$ 1,373,546</u>
SUPPLEMENTAL SCHEDULE OF CASH AND NONCASH INVESTING AND FINANCING ACTIVITIES:		
Cash paid for interest	<u>\$ 166,141</u>	<u>\$ 226,902</u>
Cost basis of property and equipment disposed of and sold	<u>\$ 183,019</u>	<u>\$ 686,463</u>

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

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations - The Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates (collectively, the "Organization") is an affiliate of Catholic Social Services, Inc. ("CSS"), its sole corporate member. CSS is a not-for-profit corporation under the auspices of the Roman Catholic Archdiocese of Boston ("RCAB"). The following is a summary of entities which are included in the Organization's accompanying combined financial statements:

Catholic Charitable Bureau of the Archdiocese of Boston, Inc. ("the Agency"), a Massachusetts not-for-profit corporation under the auspices of the RCAB, provides emergency response and professional health, welfare, education, and social services to families, children, individuals, and older adults.

West Broadway Community Development Corporation, Inc. ("WBCDC"), is a not-for-profit corporation that was organized during fiscal year 2001 for the purpose of owning real estate for the Organization's Shaughnessy Family Center at Laboure. WBCDC commenced operations in October, 2002.

Columbia Road Community Development Corporation, Inc. ("CRCDC"), is a not-for-profit corporation that was organized during fiscal year 2005 for the purpose of owning real estate for the Organization's Yawkey Center. CRCDC commenced operations in July, 2004.

The Organization has historically relied on financial support from donors and related parties (see Note 10). The accompanying combined financial statements have been prepared assuming such support will continue in the future.

Income Taxes - The Agency is listed within *The Official Catholic Directory*. As such, the Agency derives its Internal Revenue Code Section 501(c)(3) tax-exempt status from the group tax-exemption of the Roman Catholic Church. WBCDC and CRCDC have previously been determined by the Internal Revenue Service (IRS) to be organizations described in Internal Revenue Code (IRC) Section 501(c)(2) and, therefore, are exempt from taxation under IRC Section 501(a). WBCDC and CRCDC are not private foundations due to their recognition by the IRS as organizations described in IRC Section 501(c)(2). Any income not substantially related to the Organization's exempt purposes may be considered unrelated business income ("UBI") under IRC Section 511 and, as such, subject to tax at normal corporate rates. There was no UBI for the years ended June 30, 2009 and 2008.

Basis of Presentation - The combined financial statements have been presented in conformity with accounting principles generally accepted in the United States of America in accordance with the American Institute of Certified Public Accountants' Audit and Accounting Guide, *Not-for-Profit Organizations*, and other pronouncements applicable to not-for-profit organizations. The combined statements of activities and changes in net assets present operating revenues and expenses from program activities as an increase (decrease) to net assets from operations. Capital contributions for property and equipment, all investment returns in excess of the investment income related to the spending policy, and amounts recorded in connection with the defined benefit pension plan (see Note 7) are included as other changes in net assets on the accompanying combined statements of activities and changes in net assets.

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

(Continued)

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Principles of Combination - The combined financial statements include the accounts of the Agency and its controlled affiliates. Significant intercompany accounts and transactions among the combined organizations have been eliminated in preparing the combined financial statements. The assets of any member of the combined group may not be available to meet the obligations of the other members in the group.

Use of Estimates - The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Unrestricted Net Assets - Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Organization. The Organization has grouped its unrestricted net assets into the following categories:

Operating - working capital net assets - represent funds available to carry on the operations of the Organization which bear no external restrictions.

Operating - pension plan net assets - represents pension plan activity in accordance with Statement of Financial Accounting Standards (SFAS) No. 158 (see Note 7). These net assets are net of approximately \$730,000 and \$921,000 included in investments at June 30, 2009 and 2008, respectively, which are restricted as to use as outlined in the agreement to freeze the RCAB defined benefit plan (see Note 7).

Property and equipment net assets - reflect and account for the activities relating to the Organization's property and equipment, net of related debt.

Board designated net assets - represent amounts set aside by the Board of Trustees that may only be used with the approval of the Board of Trustees. Board designated net assets consist of \$931,780 and \$1,141,917 at June 30, 2009 and 2008, respectively, restricted for future capital expenditures. As of June 30, 2009, \$784,475 was temporarily transferred to operating - working capital net assets to cover the deficit balance that existed, leaving a balance of \$147,305 as of June 30, 2009. It is the intent of management and the Board of Trustees that the net assets will be replenished with future operating surpluses and appreciation on unrestricted investments.

Temporarily and Permanently Restricted Net Assets - Temporarily restricted net assets are those net assets whose use by the Organization have been limited by donors for a specific period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity (see Note 12).

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008
(Continued)**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donor-Restricted Gifts - Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date of the gift, if received, or when the conditional promise becomes unconditional. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the combined statements of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the year of receipt are reported as unrestricted contributions in the accompanying combined statements of activities and changes in net assets.

Fair Value - During fiscal year 2009, management adopted the criteria of Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, "*Fair Value Measurements*" (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements. SFAS 157 establishes a fair value framework that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value framework under SFAS 157 are as follows:

- Level I – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level II – Inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level III – Inputs that are unobservable.

A qualifying 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 Organization values all its qualifying assets and liabilities using level I inputs, except for its beneficial interest in perpetual trusts which uses Level I and III inputs, and the pension benefit obligation which uses Levels I, II, and III inputs (see Note 7). Adopting SFAS 157 did not result in any change in the measurement of the carrying value of the Organization's qualifying assets or liabilities, as they have historically been recorded at fair market value.

Cash and Cash Equivalents - The Organization considers all highly liquid securities purchased with initial maturities of three months or less, other than investments limited as to use, to be cash equivalents.

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

(Continued)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give - Unconditional promises to give that are expected to be collected within one year are recorded at fair value at the date the promise is received and included in pledges receivable. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received.

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value using Level 1 inputs. The Organization has approved a formal spending policy in which up to 5% of the average investment portfolio's market value using a rolling quarterly average for the preceding three years is applied to operations. The Organization has historically utilized a 4% allocation.

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 that such changes could materially affect the amounts reported in the combined financial statements.

Investment income from unrestricted net assets and unrestricted investment income of permanently restricted net assets (beneficial interests in perpetual trusts) are reported as unrestricted revenue. Restricted investment income and gains (losses) on investments of permanently restricted net assets are reported as increases (decreases) in temporarily restricted net assets, unless permanently donor-restricted, in which case they are recorded as increases (decreases) in permanently restricted net assets. Net gains of permanently restricted net assets are classified as temporarily restricted net assets until appropriated under the spending policy by the Board of Trustees and expended. Investment interest and gains (losses) on investments of temporarily restricted net assets are reported as increases (decreases) in temporarily restricted net assets. Investment earnings used for operations in accordance with the spending policy are reflected as operating income and as a decrease in other changes in net assets.

Beneficial Interests in Perpetual Trusts - The Organization is a beneficiary of certain trusts that have been established by donors with funds contributed to be held in perpetuity. Under provisions of the trusts, the Organization receives, annually, income on the trusts' assets, as has been stipulated by the donor, that can be utilized in any way that is consistent with the Organization's mission. Distributions are recorded as unrestricted investment income in the combined statements of activities and changes in net assets. Changes in market value, as determined using Level I and III inputs (see page 8) are recorded as increases or decreases to permanently restricted net assets in the combined statements of activities and changes in net assets.

Property and Equipment - Property and equipment are stated at cost. Maintenance, repairs and minor renewals are expensed as incurred, and major renewals and renovations are capitalized. When an asset is retired or disposed of, the related cost and accumulated depreciation or amortization are removed from the accounts and any gain or loss on the disposition is reflected in other changes in net assets on the accompanying combined statements of activities and changes in net assets.

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

(Continued)

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Property and Equipment (Continued) - Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value, less the cost to sell.

Depreciation and Amortization - Depreciation and amortization are provided by use of the straight-line method. Buildings and equipment are depreciated over the useful lives of the assets; leasehold improvements and leased property under capital leases are amortized over the terms of the leases or the useful lives of the assets, if shorter. Estimated useful lives are as follows:

Buildings	20 – 40 years
Equipment	3 – 10 years

Expense Allocation - Expenses related directly to a program are distributed to that program while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each function.

Donated Materials and Services - Donated materials and services are reflected as contributions and fundraising revenue and as assets or expenses at the date of receipt in amounts equal to their estimated fair values. Contributions and expenses in the amounts of \$566,799 and \$459,054 for the years ended June 30, 2009 and 2008, respectively, have been recorded for the use of office or other building space at the offices donated by RCAB. These amounts are based on the fair rental value of similar space in the respective areas. In addition, other donated materials and services totaling \$1,081,734 and \$921,336 for the years ended June 30, 2009 and 2008, respectively, were received from individuals and organizations.

Outstanding Legacies - The Organization is occasionally named as the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. Such bequests are recorded when there is an irrevocable right to the bequest and the proceeds are determinable. At June 30, 2009, the Organization was due \$1,128,348 under an irrevocable right to a bequest. This amount is included in other assets as of June 30, 2009.

Total bequests received and or committed for the years ended June 30, 2009 and 2008, were as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
2009	\$2,792,109	\$730,000	\$3,522,109
2008	\$ 991,028	\$ -	\$ 991,028

Contract Revenue - The Organization derives a significant amount of its unrestricted support and revenue (approximately 50% and 54% for the years ended June 30, 2009 and 2008, respectively) from contracts negotiated with various agencies of the Commonwealth of Massachusetts (the "Commonwealth") and other governmental agencies. Therefore, the Organization is subject to the regulations and rate formulas of the Massachusetts Division of Purchased Services and other state agencies. These contracts are generally renewable on an annual basis, and there is no assurance that such contracts will be renewed in the future. Contract revenue is recognized in the period the contracted services are provided.

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008
(Continued)**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Service Revenue - The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Payment arrangements include prospectively determined rates and per-unit payments. Fee-for-service revenue is reported at the estimated net realizable amounts from individuals, third-party payors, and others for services rendered. Certain elements of third-party reimbursements are subject to negotiation and/or final determination by third-party payors. Variances between preliminary estimates of net revenue and final third-party payment determinations are included in the combined statements of activities and changes in net assets in the year in which the change in estimate occurs. The Organization also provides care to individuals who meet certain income criteria at amounts less than its established rates. The amount of charges foregone for these services is reported as a reduction of revenue. Service revenue is recognized on the accrual basis as the services are performed.

Subsequent Events - The preparation of combined financial statements in accordance with accounting principles generally accepted in the United States of America requires management to disclose the date through which subsequent events have been evaluated for possible recognition or disclosure in the accompanying combined financial statements. Subsequent events are transactions or events that occur after the combined statement of financial position date, but before the combined financial statements are issued or available to be issued. The accompanying combined financial statements include the evaluation of subsequent events that have occurred through November 23, 2009, which is the date the combined financial statements were issued.

Advertising Costs - The Organization expenses advertising costs as incurred.

Accounts Receivable and Allowance for Doubtful Accounts - Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is based on management's best estimate of the amount of probable losses in accounts receivable. The allowance is based on specific identification of probable losses and an estimate of additional losses based on historical write-off experience. Management reviews the allowance for doubtful accounts monthly. Past due balances over 120 days and over a specified amount are reviewed individually for collectibility. Account balances are charged off against the allowance when it is probable the receivable will not be recovered.

(2) CONTINUING OPERATIONS

For the years ended June 30, 2009 and 2008, the Organization has incurred unrestricted operating deficits of (\$126,363) and (\$1,585,648), respectively. Large decreases in the Organization's investment portfolio contributed to a decrease in net assets devoted to working capital while operating results were markedly improved. The size of the annual operating deficit has decreased each year consecutively since fiscal year 2006 allowing the Organization to reduce its operating deficit from almost 6.5% of its budget in 2006 to less than 1% by 2009, despite the challenges posed by the current economic recession.

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008
(Continued)**

(2) CONTINUING OPERATIONS (Continued)

Unrestricted net assets also reflect a large decline in plan assets for the defined benefit pension plan, (frozen as of December 31, 2005), and the increase in liabilities of approximately \$3,800,000 required to reflect current plan value. This decline in plan assets is attributable to negative market performance and an actuarial loss. The plan assets are invested in a diverse portfolio of professionally managed funds selected by investment advisors appointed by the Trustees of the Plan. The actuarial valuation is received annually and the Organization received a waiver from the Trustees of the Roman Catholic Archdiocese of Boston Pension Trust eliminating the need for additional funding for fiscal years 2009 and 2008 (see Notes 7 and 14).

The Organization has taken steps designed to reduce and eliminate the annual operating deficits, to attain an increase in unrestricted net assets and to ensure financial health and sustainability. Key investments in infrastructure have been made to improve efficiency and productivity while keeping the percentage of resources devoted to programs versus general and administrative costs and fundraising constant. The Organization has reduced the size of the central administrative office space significantly, consolidated programs to owned or in-kind leased space and implemented wholesale utility purchasing to trim operating costs. Staffing has been streamlined, a wage and hiring freeze implemented, contracts renegotiated or re-bid, and budgeted expenses reduced for fiscal 2010. These efforts coupled with improved market performance should position the Organization to improve its working capital position and liquidity in the future.

(3) INVESTMENTS

Investments, at fair value, at June 30, 2009 and 2008, consisted of the following:

	<u>2009</u>	<u>2008</u>
Mutual funds - equity investments	\$5,168,055	\$5,496,048
Mutual funds - fixed income	3,383,788	2,962,295
Money market funds	208,004	8,050
Common stock	48,407	48,407
Other fixed income	<u>-</u>	<u>1,194,053</u>
	<u>\$8,808,254</u>	<u>\$9,708,853</u>

Investment earnings for the years ended June 30, 2009 and 2008, were composed of the following:

	<u>2009</u>	<u>2008</u>
Interest and dividend income	\$ 350,886	\$ 803,561
Net realized gains (losses)	(612,295)	600,219
Unrealized loss on investments	<u>(1,412,173)</u>	<u>(2,020,004)</u>
Total	<u>\$ (1,673,582)</u>	<u>\$ (616,224)</u>

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

(Continued)

(3) INVESTMENTS (Continued)

As of June 30, 2009 and 2008, investments include approximately \$730,000 and \$921,000, respectively, that are restricted as to use as outlined in the agreement to freeze the RCAB defined benefit plan (see Note 7).

A portion of the Organization's investments are collateral for a note payable (see Note 6).

(4) PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2009 and 2008, consisted of the following:

	<u>2009</u>	<u>2008</u>
Land	\$ 420,031	\$ 420,031
Buildings	20,452,243	21,291,571
Equipment	8,408,512	7,310,576
Leasehold improvements	<u>2,772,341</u>	<u>2,752,985</u>
	32,053,127	31,775,163
Construction in process	197,443	176,260
Less – accumulated depreciation	<u>(12,169,626)</u>	<u>(10,971,655)</u>
	<u>\$ 20,080,944</u>	<u>\$ 20,979,768</u>

Depreciation and amortization expense of \$1,380,990 and \$1,287,034 are included in operating expenses for the years ended June 30, 2009 and 2008, respectively.

(5) PLEDGES RECEIVABLE

Pledges receivable include donor contributions that are not expected to be collected within one year. These amounts are reported at their present value, net of an allowance for uncollectible amounts when deemed necessary (there was no allowance at June 30, 2009 and 2008).

Pledges receivable at June 30, 2009 and 2008, were as follows:

	<u>2009</u>	<u>2008</u>
Due in less than one year	\$ 52,667	\$ 59,659
Due in one to three years	<u>53,833</u>	<u>57,000</u>
	106,500	116,659
Present value discount	<u>(3,014)</u>	<u>(2,006)</u>
Total	<u>\$103,486</u>	<u>\$114,653</u>

The pledges have been discounted using a 3.18% rate as of June 30, 2009 and 2008.

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

(Continued)

(6) NOTES PAYABLE

Notes payable at June 30, 2009 and 2008, are summarized as follows:

	<u>Interest Rate</u>	<u>2009</u>	<u>2008</u>
Notes payable to banks and others:			
Monthly through June, 2011	4.34%	\$ 960,347	\$1,468,900
Monthly through December, 2012, with balance due at end of term loan	4.93%	882,911	947,915
Other notes payable	0% - 7.5%	<u>399,207</u>	<u>445,220</u>
Total notes payable to banks and others		<u>\$2,242,465</u>	<u>\$2,862,035</u>
Notes payable to RCAB:			
Monthly	5.5%	\$ 350,683	\$ 350,633
Interest only payable monthly	Prime+1% (4.25% and 6.00% at June 30, 2009 and 2008, respectively)	<u>75,000</u>	<u>75,000</u>
Total notes payable to RCAB		<u>\$ 425,683</u>	<u>\$ 425,633</u>

During fiscal years 2009 and 2008, the Organization had available a commercial line-of-credit agreement that provides for borrowing of up to \$3,000,000 and is renewable annually on December 31st. There was no outstanding balance at either June 30, 2009 or 2008. Accounts receivable have been pledged as collateral under this agreement. The interest rate on the line of credit was prime (3.25% and 5% as of June 30, 2009 and 2008, respectively), or the 30-day London Interbank Offered Rate (LIBOR) (.51% and 2.77% as of June 30, 2009 and 2008, respectively), plus 170 basis points. The line-of-credit agreement places limitations on additional indebtedness, disposal of assets, and mergers, and specifies that certain financial covenants must be maintained. The Organization was in compliance with the financial and non-financial covenants as of June 30, 2009 and 2008.

In May, 2006, the Organization obtained a combination taxable (see Note 8) and tax-exempt lease line for capital equipment and investment in information technology. The tax-exempt lease line is payable monthly over a five-year term at a rate of 4.34% and is recorded as a note payable with a balance of \$960,347 and \$1,468,900 at June 30, 2009 and 2008, respectively. The portion of the proceeds from the tax-exempt lease to be utilized for investment in information technology infrastructure was being held in escrow until it is spent. As of June 30, 2008, \$288,577 was reflected as cash held in escrow - restricted as to use in the accompanying combined statements of financial position. These amounts were fully spent as of June 30, 2009.

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008
(Continued)**

(6) NOTES PAYABLE (Continued)

In December, 2007, the Organization acquired a building located in Roxbury, Massachusetts, for \$1,300,000. The Organization borrowed \$975,000 from a bank to finance the majority of the acquisition of this building, of which \$882,911 and \$947,915 was outstanding at June 30, 2009 and 2008, respectively, and received donations to fund the balance of the purchase price. The financing was obtained at a five-year fixed Cost of Funds rate (4.93%) and is collateralized by marketable securities maintained in a separate account. At the end of the five-year term the balance must be paid or refinanced.

Notes payable to others includes a note payable to the City of Lowell ("Lowell") with a balance of approximately \$175,000 as of June 30, 2009. At the discretion of Lowell, payments on this note may be forgiven if the Organization maintains certain programs within Lowell. Management intends to continue these programs throughout the term of the note; however, if the Organization were to discontinue certain programs, Lowell could demand payment on the entire amount of the outstanding note. Subsequent to year end, the Organization received a discharge of this mortgage from Lowell (see Note 14).

The following is a schedule at June 30, 2009, by year, of future principal payments under notes payable:

<u>Year Ending June 30,</u>	
2010	\$ 952,312
2011	586,967
2012	98,758
2013	694,049
2014	6,594
Thereafter	<u>329,468</u>
	<u>\$2,668,148</u>

Interest expense was \$166,141 and \$226,902 for the years ended June 30, 2009 and 2008, respectively.

(7) RETIREMENT BENEFITS

Defined Benefit Plan

Prior to January 1, 2006, the Organization provided retirement benefits for substantially all employees through participation in a noncontributory, defined benefit pension plan administered by the Trustees of the Roman Catholic Archdiocese of Boston Pension Trust (the "RCAB Plan"). Effective December 31, 2005, the Organization froze its benefits and participation in the RCAB Plan. There were no contributions to the RCAB Plan for the years ended June 30, 2009 and 2008.

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008
(Continued)**

(7) RETIREMENT BENEFITS (Continued)

Defined Benefit Plan (Continued)

Based on an actuarial valuation of the present value of accumulated plan benefits at December 31, 2005 (the date of the freeze), the Organization's portion of the Plan's estimated funding deficit was determined to be approximately \$2,477,000. At June 30, 2006, the Organization recorded a liability for its portion of the funding deficit. During fiscal year 2007, the Organization paid \$1,291,500 into the plan in accordance with the agreement to freeze the RCAB plan (the freeze agreement) executed with the Trustees of the plan. The Organization also established a separate escrow account restricting marketable securities for the remaining liability to ensure there is always sufficient funding to cover the cost of providing the pension benefits that have been earned by the employees of the Organization. The balance of these securities, approximately \$730,000 and \$921,000 as of June 30, 2009 and 2008, respectively, is included in investments on the accompanying combined statements of financial position (see Note 3). As of June 30, 2009 and 2008, due to declines in market value and an actuarial loss, the actuarial valuation of the present value of the accumulated plan benefits indicated cumulative estimated funding deficits of \$6,609,000 and \$2,731,000, respectively, and the Organization has recorded a liability for the applicable amount as of June 30, 2009 and 2008. An actuarial valuation will be received each year from the Trustees of the plan (actuarial firm appointed by the Trustees of the plan) and the liability or asset will be adjusted as deemed necessary to consider the effects of asset appreciation or depreciation and changes in the actuarial assumptions, as proscribed by the valuation. Subsequent to June 30, 2009 and 2008, the Organization obtained waivers from the Trustees of the RCAB Plan eliminating the need for additional funding of the plan net assets and escrow account for fiscal years 2009 and 2008, based on the actuarial valuations as of June 30, 2009 and 2008 (see Notes 2 and 14).

Plan assets are invested in a diverse portfolio of professionally managed funds, including equity, fixed income, and other investments, which are selected by investment advisors appointed by the Trustees of the plan.

Obligations, funded status and other information at June 30, 2009 and 2008, are as follows:

	<u>2009</u>	<u>2008</u>
Funded Status:		
Fair value of plan assets	\$ 18,485,000	\$ 22,021,000
Projected benefit obligation	<u>(25,094,000)</u>	<u>(24,752,000)</u>
	<u>\$ (6,609,000)</u>	<u>\$ (2,731,000)</u>
Other Disclosures:		
Employer contributions	<u>\$ -</u>	<u>\$ -</u>
Benefits paid	<u>\$ 1,313,000</u>	<u>\$ 968,000</u>

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008
(Continued)**

(7) RETIREMENT BENEFITS (Continued)

Defined Benefit Plan (Continued)

The following assumptions were used to determine benefit obligations for the years ended June 30, 2009 and 2008:

Weighted average discount rate	6.5%
Expected return on plan assets	6.5%

Future Plan Benefit Payments

Benefits expected to be paid in the future are as follows:

2010	\$1,231,000
2011	\$1,292,000
2012	\$1,340,000
2013	\$1,423,000
2014	\$1,522,000
2015 – 2019	\$8,770,000

The fair value of the plan is measured using Level I (market values of publicly traded investments), Level II (discount rates, default rates, and other factors) and Level III (actuarial assumptions, mortality expectancy, projected investment returns) inputs (see Note 1).

Defined Contribution Plan

Effective January 1, 2006, the Organization began providing retirement benefits for substantially all employees through a 403(b) defined contribution plan (the "403(b) Plan"). The Organization is required to contribute between 3% - 8% of eligible employees' compensation to the 403(b) Plan based on the employee's age and years of service as of December 31, 2005. Additional Organization matching contributions of up to 2% of employee compensation are required based on employee participation in the 403(b) Plan. All contributions made by the Organization vest over a period of three years. The Organization's benefit expense for the 403(b) Plan totaled \$831,153 and \$812,212 for the years ended June 30, 2009 and 2008, respectively.

(8) LEASES

Operating Leases - The Organization rents certain office and program space from outside parties and the RCAB under lease agreements expiring through April 1, 2017 (see Note 14). Rent expense for all offices was \$1,298,236 and \$1,401,773 for the years ended June 30, 2009 and 2008, respectively, including "in-kind" rent totaling \$566,799 and \$459,054 for the years ended June 30, 2009 and 2008, respectively (see Note 10).

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008
(Continued)**

(8) LEASES (Continued)

Capital Leases - During the year ended June 30, 2006, the Organization entered into a capital lease agreement totaling \$552,693. Obligations under capital leases totaled \$243,665 and \$353,701 at June 30, 2009 and 2008, respectively. Equipment under capital leases totaling \$380,965 and \$425,377, net of allowances for amortization of \$171,728 and \$127,316, are included in property and equipment, net in the accompanying combined statements of financial position as of June 30, 2009 and 2008, respectively.

Future minimum lease payments under non-cancelable capital and operating leases consist of the following at June 30, 2009:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>	<u>Operating Leases</u>
2010	\$130,609	\$ 391,022
2011	130,609	258,427
2012	-	167,475
2013	-	167,475
2014	-	167,475
Thereafter	-	421,807
	<u>261,218</u>	<u>\$1,573,681</u>
Total minimum lease payments	261,218	<u>\$1,573,681</u>
Amounts representing interest	<u>17,553</u>	
	<u>\$243,665</u>	
Present value of net minimum lease payments	<u>\$243,665</u>	

(9) CONTINGENCIES

In conducting its activities, the Organization, from time-to-time, is the subject of various litigation and other potential claims. In management's opinion, the ultimate resolution of such matters will not have a material effect on the combined results of operations or combined financial position of the Organization as of and for the year ended June 30, 2009.

(10) RELATED PARTIES

As discussed in Note 1, the Organization is organized under the auspices of RCAB. Certain transactions between the Organization and RCAB are described elsewhere in these notes to the financial statements. In addition, the Organization has the following transactions with RCAB:

The Organization received contributions from RCAB to subsidize operations. These contributions amounted to \$74,378 and \$125,442 for the years ended June 30, 2009 and 2008, respectively.

RCAB donated office and building space with a fair rental value of \$566,799 and \$459,054 for the years ended June 30, 2009 and 2008, respectively (see Notes 1 and 8).

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

(Continued)

(10) RELATED PARTIES (Continued)

The Organization purchases all of its insurance policies (directors' and officers' liability, general liability, automobile, fire and theft, and workers' compensation) through RCAB from various insurance carriers with annual costs totaling \$443,277 and \$405,576 during the years ended June 30, 2009 and 2008, respectively. Included in amounts owed to RCAB for payment of these services is \$471,518 and \$268,383 at June 30, 2009 and 2008, respectively, and are non-interest-bearing.

The Organization has notes payable to the RCAB in the amount of \$425,683 and \$425,633 at June 30, 2009 and 2008, respectively (see Note 6).

A member of the Organization's Board of Trustees is also a Board member for another non-profit organization. During 2009, the Organization received \$1,426,845 from this other organization.

(11) CONCENTRATIONS

The Organization grants credit without collateral to individuals, third-party payors, and certain Federal and state agencies. The mix of receivables was as follows at June 30:

	<u>2009</u>	<u>2008</u>
Federal and state contracts	70%	76%
Other third-party payors	29	23
Individuals	<u>1</u>	<u>1</u>
	<u>100%</u>	<u>100%</u>

The Organization maintains its operating cash balances in Massachusetts banks. The Federal Deposit Insurance Corporation (FDIC) insures balances up to certain amounts. At certain times during the year, cash balances exceed the insured amounts. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on its operating cash balance.

(12) TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of donor-restricted gifts and contributions and accumulated earnings on restricted funds and are summarized as follows at June 30:

	<u>2009</u>	<u>2008</u>
Program services	\$2,202,284	\$2,328,639
Accumulated earnings on restricted funds	1,961,272	2,618,911
Property and equipment	<u>120,117</u>	<u>121,183</u>
Total	<u>\$4,283,673</u>	<u>\$5,068,733</u>

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008
(Continued)**

(12) TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (Continued)

Permanently restricted net assets at June 30, 2009 and 2008, consist of the following:

	<u>2009</u>	<u>2008</u>
Beneficial interests in perpetual trust	\$3,507,411	\$4,398,260
Investments to be held in perpetuity, the income from which is expendable for purposes designated by the donor	<u>3,227,610</u>	<u>2,497,610</u>
Total	<u>\$6,735,021</u>	<u>\$6,895,870</u>

A reconciliation of endowment activity for 2009 is as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment</u>
Investment return:			
Investment income	\$ 72,947	\$ -	\$ 72,947
Net realized losses	(180,015)	-	(180,015)
Net unrealized losses	<u>(415,179)</u>	<u>-</u>	<u>(415,179)</u>
Total investment returns	(522,247)	-	(522,247)
Contributions	-	730,000	730,000
Appropriation of endowment assets for expenditure	<u>(135,392)</u>	<u>-</u>	<u>(135,392)</u>
Net change in endowment	(657,639)	730,000	72,361
Endowment net assets, June 30, 2008	<u>2,618,911</u>	<u>2,497,610</u>	<u>5,116,521</u>
Endowment net assets, June 30, 2009	<u>\$1,961,272</u>	<u>\$3,227,610</u>	<u>\$5,188,882</u>

(13) RECLASSIFICATION

Certain amounts in the 2008 combined financial statements have been reclassified to conform with the 2009 presentation.

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

(Continued)

(14) SUBSEQUENT EVENTS

Operating Lease

In September 2009, as a part of management's plan to stream line costs and gain efficiencies in its operations, the Organization relocated certain programs and administrative functions that were located at its central office to other existing program locations. The Organization also entered into a lease for a new central office location which allowed for a significant reduction in square footage (see Note 8). This lease requires monthly payments of approximately \$11,600 and expires in September, 2016.

Release of Debt Mortgage

The Organization received a discharge of a mortgage from Lowell in the amount of approximately \$175,000 (see Note 6).

Merger

On July 6, 2009, the Organization merged with North Shore Catholic Charity League, Inc. (the League). The Organization is the surviving entity. The Organization received all of the assets the League, which totaled approximately \$505,000. The League had no liabilities on the date of the merger. In accordance with FASB guidance on accounting and reporting for a combination of not-for-profit organizations, this transaction was accounted for using the purchase method of accounting. Under this method, the difference between the fair value of the net assets acquired and any liabilities that are assumed on the date of the merger is recorded as a non operating contribution on the combined statement of activities and changes in net assets. Accordingly, on the date of the merger, the Organization recorded a contribution of approximately \$505,000.

Waiver

On November 13, 2009, the Organization obtained a waiver from the Trustees of the RCAB Plan eliminating the need for additional funding of the plan net assets and escrow account for fiscal year 2009, based on the actuarial valuation as of June 30, 2009 (see Notes 2 and 7).

SUPPLEMENTAL COMBINING INFORMATION



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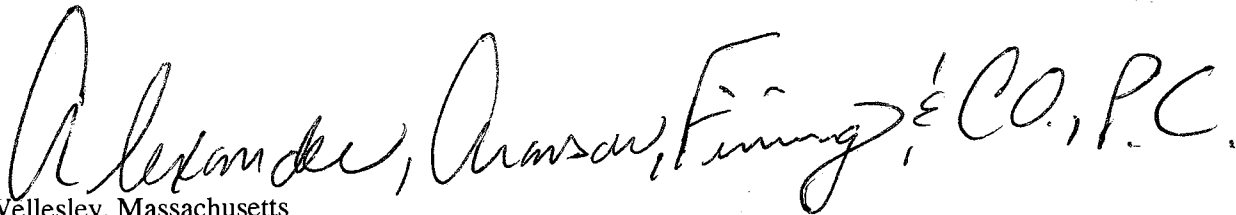
Alexander, Aronson, Finning & Co., P.C.

21 East Main Street, Westborough, MA 01581-1461 (508) 366-9100
Boston, MA (617) 205-9100 Wellesley, MA (781) 965-9100
www.aafcpa.com FAX (508) 366-9789 info@aafcpa.com

**INDEPENDENT AUDITOR'S REPORT ON
SUPPLEMENTAL COMBINING INFORMATION**

To the Board of Trustees of
Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates:

Our report on our audits of the combined financial statements of Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates for the fiscal years ended June 30, 2009 and 2008 appears on page 1. Those audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining information as of and for the fiscal year ended June 30, 2009 in the accompanying combining statements of financial position and activities is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position and results of operations of the individual entities. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic 2009 combined financial statements taken as a whole.



Wellesley, Massachusetts
November 23, 2009

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES

COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

<u>ASSETS</u>	<u>AGENCY</u>	<u>WBCDC</u>	<u>CRCDC</u>	<u>ELIMI- NATIONS</u>	<u>COMBINED TOTAL</u>
CASH AND CASH EQUIVALENTS	\$ 260,903	\$ -	\$ -	\$ -	\$ 260,903
CASH HELD IN ESCROW - RESTRICTED AS TO USE	-	-	-	-	-
ACCOUNTS RECEIVABLE, net of allowance for doubtful accounts of approximately \$100,000	3,114,865	-	-	-	3,114,865
PLEDGES RECEIVABLE, net	103,486	-	-	-	103,486
DUE FROM AFFILIATES	12,011,589	-	-	(12,011,589)	-
INVESTMENTS	8,808,254	-	-	-	8,808,254
BENEFICIAL INTERESTS IN PERPETUAL TRUSTS	3,507,411	-	-	-	3,507,411
PROPERTY AND EQUIPMENT, net	4,778,076	6,965,687	8,337,181	-	20,080,944
OTHER ASSETS	<u>1,858,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,858,538</u>
Total assets	<u>\$ 34,443,122</u>	<u>\$ 6,965,687</u>	<u>\$ 8,337,181</u>	<u>\$ (12,011,589)</u>	<u>\$ 37,734,401</u>
<u>LIABILITIES AND NET ASSETS</u>					
LIABILITIES:					
Accounts payable and accrued expenses	\$ 3,763,697	\$ -	\$ -	\$ -	\$ 3,763,697
Due to Roman Catholic Archdiocese of Boston	616,161	-	-	-	616,161
Due to Catholic Charitable Bureau of the Archdiocese of Boston, Inc.	-	3,470,743	8,540,846	(12,011,589)	-
Notes payable -					
Banks and others	2,242,465	-	-	-	2,242,465
Roman Catholic Archdiocese of Boston	425,683	-	-	-	425,683
Obligations under capital leases	243,665	-	-	-	243,665
Pension benefits liability	<u>6,609,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,609,000</u>
Total liabilities	<u>13,900,671</u>	<u>3,470,743</u>	<u>8,540,846</u>	<u>(12,011,589)</u>	<u>13,900,671</u>
NET ASSETS:					
Unrestricted -					
Operating	(5,879,364)	-	-	-	(5,879,364)
Property and equipment	15,255,816	3,494,944	(203,665)	-	18,547,095
Board designated	<u>147,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,305</u>
Total unrestricted	9,523,757	3,494,944	(203,665)	-	12,815,036
Temporarily restricted	4,283,673	-	-	-	4,283,673
Permanently restricted	<u>6,735,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,735,021</u>
Total net assets	<u>20,542,451</u>	<u>3,494,944</u>	<u>(203,665)</u>	<u>-</u>	<u>23,833,730</u>
Total liabilities and net assets	<u>\$ 34,443,122</u>	<u>\$ 6,965,687</u>	<u>\$ 8,337,181</u>	<u>\$ (12,011,589)</u>	<u>\$ 37,734,401</u>

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	AGENCY			WBCDC UNRESTRICTED	CRCDC UNRESTRICTED	ELIMI- NATIONS	COMBINED TOTAL
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED				
OPERATING SUPPORT, REVENUE AND GAINS:							
Contributions and fundraising -							
Contributions and fundraising	\$ 6,835,717	\$ 1,940,642	\$ 730,000	\$ -	\$ -	\$ -	\$ 9,506,359
Contributions from United Way organizations	1,710,868	-	-	-	-	-	1,710,868
Contributions from the Roman Catholic Archdiocese of Boston (including in-kind contributions of \$566,799)	625,177	-	-	-	-	-	625,177
Total contributions and fundraising	<u>9,171,762</u>	<u>1,940,642</u>	<u>730,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,842,404</u>
Program service fees, grants and contract revenue -							
Individuals	2,866,546	-	-	-	-	-	2,866,546
Medicaid and Medicare	2,257,103	-	-	-	-	-	2,257,103
Commercial insurance fees	779,090	-	-	-	-	-	779,090
Other	48,692	-	-	-	-	-	48,692
Contract revenue from governmental and other agencies	20,299,441	-	-	-	-	-	20,299,441
Grants	2,519,372	103,604	-	-	-	-	2,622,976
Total program service fees, grants and contract revenue	<u>28,770,244</u>	<u>103,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,873,848</u>
Investment earnings used for operations under the spending policy	451,344	-	-	-	-	-	451,344
Miscellaneous revenue	110,853	-	-	211,788	279,468	(491,256)	110,853
Net assets released from restrictions used for operations	2,171,667	(2,171,667)	-	-	-	-	-
Subtotal	<u>2,733,864</u>	<u>(2,171,667)</u>	<u>-</u>	<u>211,788</u>	<u>279,468</u>	<u>(491,256)</u>	<u>562,197</u>
Total operating support, revenue and gains	<u>40,675,870</u>	<u>(127,421)</u>	<u>730,000</u>	<u>211,788</u>	<u>279,468</u>	<u>(491,256)</u>	<u>41,278,449</u>
OPERATING EXPENSES:							
Program services -							
Community social services	18,880,015	-	-	139,326	194,324	(333,650)	18,880,015
Day care services	13,264,959	-	-	56,581	66,740	(123,321)	13,264,959
Behavioral health and addiction treatment services	1,971,888	-	-	-	-	-	1,971,888
Total program services	<u>34,116,862</u>	<u>-</u>	<u>-</u>	<u>195,907</u>	<u>261,064</u>	<u>(456,971)</u>	<u>34,116,862</u>
Support services -							
Management and general	5,188,997	-	-	8,394	11,395	(19,789)	5,188,997
Fundraising	1,496,374	-	-	7,487	7,009	(14,496)	1,496,374
Total support services	<u>6,685,371</u>	<u>-</u>	<u>-</u>	<u>15,881</u>	<u>18,404</u>	<u>(34,285)</u>	<u>6,685,371</u>
Total operating expenses	<u>40,802,233</u>	<u>-</u>	<u>-</u>	<u>211,788</u>	<u>279,468</u>	<u>(491,256)</u>	<u>40,802,233</u>
Increase (decrease) in net assets from operations	(126,363)	(127,421)	730,000	-	-	-	476,216
OTHER CHANGES IN NET ASSETS:							
Contributions for long-term purposes - capital	72,250	-	-	-	-	-	72,250
Change in fair value of beneficial interests in perpetual trusts	-	-	(890,849)	-	-	-	(890,849)
Investment earnings used for operations under the spending policy	(315,952)	(135,392)	-	-	-	-	(451,344)
Investment earnings	(1,151,335)	(522,247)	-	-	-	-	(1,673,582)
Pension related changes other than net periodic pension cost	(3,878,000)	-	-	-	-	-	(3,878,000)
Decrease in net assets	<u>\$ (5,399,400)</u>	<u>\$ (785,060)</u>	<u>\$ (160,849)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,345,309)</u>