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

COMBINED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

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

CONTENTS
JUNE 30, 2010 AND 2009

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CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

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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, 2010 and 2009, 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, 2010 and 2009, 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.

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

Wellesley, Massachusetts
November 12, 2010

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

COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009

ASSETS	2010	2009
CASH AND CASH EQUIVALENTS	$ 474,051	$ 260,903
ACCOUNTS RECEIVABLE, net of allowance for doubtful accounts of approximately $80,000 and $100,000 at June 30, 2010 and 2009, respectively	3,309,683	3,114,865
PLEDGES RECEIVABLE, net	46,667	103,486
INVESTMENTS	9,445,468	8,808,254
BENEFICIAL INTERESTS IN PERPETUAL TRUSTS	3,793,922	3,507,411
PROPERTY AND EQUIPMENT, net	19,369,450	20,080,944
OTHER ASSETS	245,913	1,858,538
PROPERTY HELD FOR SALE	143,991	-
Total assets	$ 36,829,145	$ 37,734,401
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	$ 3,462,271	$ 3,763,697
Due to the Roman Catholic Archdiocese of Boston	713,635	616,161
Notes payable -		
Banks and others	1,463,999	2,242,465
Roman Catholic Archdiocese of Boston	425,683	425,683
Obligations under capital leases	126,654	243,665
Pension benefits liability	6,043,000	6,609,000
Total liabilities	12,235,242	13,900,671
NET ASSETS:		
Unrestricted -		
Operating:		
Working capital	(652,802)	-
Pension plan	(5,324,347)	(5,879,364)
Total operating	(5,977,149)	(5,879,364)
Property and equipment	18,856,581	18,547,095
Board designated	-	147,305
Total unrestricted	12,879,432	12,815,036
Temporarily restricted	4,542,939	4,283,673
Permanently restricted	7,171,532	6,735,021
Total net assets	24,593,903	23,833,730
Total liabilities and net assets	$ 36,829,145	$ 37,734,401

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, 2010

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
OPERATING SUPPORT, REVENUE AND GAINS:				
Contributions and fundraising -				
Contributions and fundraising	$ 5,982,205	$ 1,983,988	$ 150,000	$ 8,116,193
Contributions from United Way organizations	1,278,820	-	-	1,278,820
Contributions from the Roman Catholic Archdiocese of Boston (including in-kind contributions of $661,554)	800,761	-	-	800,761
Total contributions and fundraising	8,061,786	1,983,988	150,000	10,195,774
Program service fees, grants and contract revenue -				
Individuals	2,874,940	-	-	2,874,940
Medicaid and Medicare	2,321,464	-	-	2,321,464
Commercial insurance fees	731,736	-	-	731,736
Other	15,666	-	-	15,666
Contract revenue from governmental and other agencies	19,519,281	-	-	19,519,281
Grants	2,212,440	198,390	-	2,410,830
Total program service fees, grants and contract revenue	27,675,527	198,390	-	27,873,917
Investment earnings used for operations under the spending policy	371,544	-	-	371,544
Miscellaneous revenue	88,363	-	-	88,363
Net assets released from restrictions used for operations	2,077,633	(2,077,633)	-	-
Subtotal	2,537,540	(2,077,633)	-	459,907
Total operating support, revenue and gains	38,274,853	104,745	150,000	38,529,598
OPERATING EXPENSES:				
Program services -				
Community social services	18,594,711	-	-	18,594,711
Day care services	13,233,211	-	-	13,233,211
Behavioral health and addiction treatment services	2,049,553	-	-	2,049,553
Total program services	33,877,475	-	-	33,877,475
Support services -				
Management and general	4,966,495	-	-	4,966,495
Fundraising	1,741,316	-	-	1,741,316
Total support services	6,707,811	-	-	6,707,811
Total operating expenses	40,585,286	-	-	40,585,286
Changes in net assets from operations	(2,310,433)	104,745	150,000	(2,055,688)
OTHER CHANGES IN NET ASSETS:				
Investment earnings	855,237	389,125	-	1,244,362
Contribution income - merger	504,828	-	-	504,828
Pension related changes other than net periodic pension cost	446,000	-	-	446,000
Gain on sale of property	361,974	-	-	361,974
Forgiveness of debt and other	313,341	-	-	313,341
Change in fair value of beneficial interests in perpetual trusts	-	-	286,511	286,511
Contributions for long-term purposes - capital	115,353	-	-	115,353
Net assets released used for property and equipment	120,117	(120,117)	-	-
Carrying costs for non-operating property held for sale	(34,880)	-	-	(34,880)
Investment earnings used for operations under the spending policy	(257,057)	(114,487)	-	(371,544)
Changes in net assets before discontinued operations	114,480	259,266	436,511	810,257
LOSS FROM DISCONTINUED OPERATIONS	(50,084)	-	-	(50,084)
Changes in net assets	64,396	259,266	436,511	760,173
NET ASSETS, beginning of year	12,815,036	4,283,673	6,735,021	23,833,730
NET ASSETS, end of year	$ 12,879,432	$ 4,542,939	$ 7,171,532	$ 24,593,903

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

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
OPERATING SUPPORT, REVENUE AND GAINS:				
Contributions and fundraising -				
Contributions and fundraising	$ 6,828,954	$ 1,940,642	$ 730,000	$ 9,499,596
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	9,164,999	1,940,642	730,000	11,835,641
Program service fees, grants and contract revenue -				
Individuals	2,852,158	-	-	2,852,158
Medicaid and Medicare	1,877,640	-	-	1,877,640
Commercial insurance fees	779,090	-	-	779,090
Other	48,692	-	-	48,692
Contract revenue from governmental and other agencies	20,228,468	-	-	20,228,468
Grants	2,514,372	103,604	-	2,617,976
Total program service fees, grants and contract revenue	28,300,420	103,604	-	28,404,024
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	2,171,667	(2,171,667)	-	-
Subtotal	2,733,864	(2,171,667)	-	562,197
Total operating support, revenue and gains	40,199,283	(127,421)	730,000	40,801,862
OPERATING EXPENSES:				
Program services -				
Community social services	18,302,067	-	-	18,302,067
Day care services	13,264,959	-	-	13,264,959
Behavioral health and addiction treatment services	1,971,888	-	-	1,971,888
Total program services	33,538,914	-	-	33,538,914
Support services -				
Management and general	5,149,920	-	-	5,149,920
Fundraising	1,496,374	-	-	1,496,374
Total support services	6,646,294	-	-	6,646,294
Total operating expenses	40,185,208	-	-	40,185,208
Changes in net assets from operations	14,075	(127,421)	730,000	616,654
OTHER CHANGES IN NET ASSETS:				
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)
Change in fair value of beneficial interests in perpetual trusts	-	-	(890,849)	(890,849)
Contributions for long-term purposes - capital	72,250	-	-	72,250
Investment earnings used for operations under the spending policy	(315,952)	(135,392)	-	(451,344)
Changes in net assets before discontinued operations	(5,258,962)	(785,060)	(160,849)	(6,204,871)
LOSS FROM DISCONTINUED OPERATIONS	(140,438)	-	-	(140,438)
Changes in net assets	(5,399,400)	(785,060)	(160,849)	(6,345,309)
NET ASSETS, beginning of year	18,214,436	5,068,733	6,895,870	30,179,039
NET ASSETS, end of year	$ 12,815,036	$ 4,283,673	$ 6,735,021	$ 23,833,730

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, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 760,173	$ (6,345,309)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,359,560	1,380,990
Bad debt recovery	(15,423)	(99,840)
Contributions for long-term purposes - capital	(115,353)	(72,250)
Contribution income - merger	(504,828)	
Net change in fair value of beneficial interest in perpetual trusts	(286,511)	890,849
Net realized and unrealized (gains) losses on investments	(1,021,114)	2,024,468
Gain on sale of property	(361,974)	-
Net change in pension benefits liability	(566,000)	3,878,000
Forgiveness of debt	(175,067)	-
Changes in operating assets and liabilities -		
Accounts receivable	(179,395)	71,262
Pledges receivable	56,819	11,167
Other assets	1,612,625	(1,468,721)
Accounts payable and accrued expenses	(301,426)	389,827
Due to Roman Catholic Archdiocese of Boston	97,474	201,678
Net cash provided by operating activities	359,560	862,121
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(606,702)	(2,800,149)
Sales of investments	990,602	1,676,280
Proceeds from sale of property	443,298	-
Proceeds from cash held in escrow - restricted for capital purchases	-	288,577
Purchase of property and equipment	(873,381)	(482,166)
Net cash used in investing activities	(46,183)	(1,317,458)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions for long-term purposes - capital	115,353	72,250
Proceeds from contribution from merger	504,828	-
Proceeds from notes payable - Roman Catholic Archdiocese of Boston	-	50
Principal payments on notes payable - banks and others	(603,399)	(619,570)
Principal payments on capital lease obligations	(117,011)	(110,036)
Net cash used in financing activities	(100,229)	(657,306)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	213,148	(1,112,643)
CASH AND CASH EQUIVALENTS, beginning of year	260,903	1,373,546
CASH AND CASH EQUIVALENTS, end of year	$ 474,051	$ 260,903
SUPPLEMENTAL SCHEDULE OF CASH AND NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Cash paid for interest	$ 169,790	$ 166,141
Cost basis of property and equipment disposed of and sold	$ 440,988	$ 183,019
Cost basis of property and equipment transferred to property held for sale	$ 314,573	$ -

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

(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, 2010 and 2009.

Basis of Presentation – The Organization prepares its combined financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification.

The combined financial statements have been presented in conformity with U.S. GAAP 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 changes in 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.

(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 U.S. GAAP 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 *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* (see Note 7). These net assets include approximately $719,000 and $730,000 of investments at June 30, 2010 and 2009, 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 $669,359 and $931,780 at June 30, 2010 and 2009, respectively, restricted for future capital expenditures. As of June 30, 2010 and 2009, $669,359 and $784,475, respectively, was temporarily transferred to operating - working capital net assets to cover a portion or all of the deficit balance that existed, leaving a zero balance as of June 30, 2010, and 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).

(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 - The Organization follows the *Fair Value Measurements and Disclosure* standards. These standards define fair value, establish a framework for measuring fair value under U.S. GAAP, and expand disclosures about fair value measurements. These standards establish a fair value framework that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value framework are as follows:

- Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 – 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 3 – 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 1 inputs, except for its beneficial interest in perpetual trusts which uses Level 1 and 3 inputs, and the pension benefit obligation which uses Levels 1, 2, and 3 inputs (see Note 7).

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.

Pledges Receivable - 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. At June 30, 2010, there has been no discount on these unconditional promises to give as it would be immaterial to the combined financial statements as a whole. The discount recorded in the prior year was computed using risk-free interest rates applicable to the years in which the promises were received. Amortization of the discount 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.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 on 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 1 and 3 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.

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.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 $661,554 and $566,799 for the years ended June 30, 2010 and 2009, respectively, have been recorded for the use of office or other building space 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 $1,952,736 and $1,081,734 for the years ended June 30, 2010 and 2009, respectively, were received from individuals and organizations and are included in contributions and fundraising in the accompanying combined statements of activities and changes in net assets.

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, and was collected during fiscal year 2010.

Total bequests received or committed for the years ended June 30, 2010 and 2009, were as follows:

	Unrestricted	Permanently Restricted	Total
2010	$ 516,939	$150,000	$ 666,939
2009	$2,792,109	$730,000	$3,522,109

Contract Revenue - The Organization derives a significant amount of its unrestricted support and revenue (approximately 51% and 50% for the years ended June 30, 2010 and 2009, 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.

(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.

Merger - On July 6, 2009, the North Shore Catholic Charity League, Inc. (the League) merged with the Organization. The Organization is the surviving entity. The Organization received all of the assets of the League, which totaled approximately $505,000. The League had no liabilities on the date of the merger. In accordance with 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 was 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, which is reflected as contribution income – merger in the June 30, 2010 combined statement of activities and changes in net assets.

Subsequent Events - The preparation of combined financial statements in accordance with U.S. GAAP 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 12, 2010, which is the date the combined financial statements were available to be 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.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Uncertainty in Income Taxes – The Organization adopted the new U.S. GAAP standards for *Accounting for Uncertainty in Income Taxes* which requires the Organization to report any uncertain tax positions and to adjust its combined financial statements for the impact thereof. As of June 30, 2010, the Organization determined that it had no tax positions that did not meet the "more likely than not" threshold of being sustained by the applicable tax authority. The Organization files information returns in the United States (Federal) and Massachusetts (state) jurisdictions. Returns for fiscal years prior to 2007 are no longer subject to examination.

(2) CONTINUING OPERATIONS

For the years ended June 30, 2010 and 2009, the Catholic Charitable Bureau of the Archdiocese of Boston, Inc. has unrestricted operating results of $(2,310,433) and $14,075, respectively. In fiscal year 2010, the continuing economic recession resulted in a decline in fundraising support. Legacies and bequests were also significantly lower than in 2009 and State contract funding was lower by over $700,000 due to state budget cuts. Economic markets recovered during fiscal year 2010 and the Organization's investments and the value of the defined benefit pension plan assets increased, but sustained economic improvement is necessary to bring assets to pre-recession levels.

Unrestricted net assets also reflect a large decline in plan assets for the defined benefit pension plan (frozen as of December 31, 2005) with an increase in liabilities of $3.8 million required to reflect plan value as of June 30, 2009. This decline in plan assets is attributable to negative market performance and an actuarial loss. While the market improved during fiscal year 2010, gains were modest and the unfunded liability is approximately $6 million at June 30, 2010. 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 2010 and 2009 (see Note 7).

The Organization has taken steps designed to reduce and eliminate 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. Strategic investment in property and equipment to continue this consolidation and reduce operating costs was made during fiscal year 2010. The Organization has approved a break-even budget for fiscal year 2011 and targeted specific fundraising initiatives to develop new sustainable sources of donations. Additional cost cutting measures have been identified which can be implemented should the targeted fundraising initiatives fall short of expectations. Staffing has been streamlined, a wage and hiring freeze implemented, contracts renegotiated or re-bid, and budgeted expenses reduced for fiscal year 2011. Debt has been reduced and in May, 2011, the lease line for capital equipment and investment in information technology will be fully paid, improving monthly cash flow. These efforts coupled with continuing 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, 2010 and 2009, consisted of the following:

	2010	2009
Mutual funds - equity investments	$5,654,074	$5,168,055
Mutual funds - fixed income	3,727,732	3,383,788
Common stock	48,407	48,407
Money market funds	15,255	208,004
	$9,445,468	$8,808,254

Investment earnings for the years ended June 30, 2010 and 2009, were composed of the following:

	2010	2009
Interest and dividend income	$ 223,248	$ 350,886
Net realized losses	(10,141)	(612,295)
Unrealized gain (loss) on investments	1,031,255	(1,412,173)
Total	$1,244,362	$(1,673,582)

As of June 30, 2010 and 2009, investments include approximately $719,000 and $730,000, respectively, that are restricted as to use as outlined in the agreement to freeze the RCAB defined benefit plan (see Note 7).

Investment fees totaling $16,635 and $12,903 at June 30, 2010 and 2009, respectively, are netted with investment earnings on the combined accompanying statements of activities and changes in net assets.

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, 2010 and 2009, consisted of the following:

	2010	2009
Land	$ 333,132	$ 420,031
Buildings	19,980,927	20,452,243
Equipment	9,126,641	8,408,512
Leasehold improvements	2,898,869	2,772,341
	32,339,569	32,053,127
Construction in process	28,821	197,443
Less - accumulated depreciation	(12,998,940)	(12,169,626)
	$ 19,369,450	$ 20,080,944

(4) PROPERTY AND EQUIPMENT (Continued)

At June 30, 2010, the Organization had approximately $144,000 of property that was not being used for operations and was being held for sale. Subsequent to year end, one of the properties that was being carried at $140,191 was sold for $309,232 (see Note 16).

Depreciation and amortization expenses totaling $1,359,560 and $1,380,990 are included in operating expenses for the years ended June 30, 2010 and 2009, 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, 2010 and 2009).

Pledges receivable at June 30, 2010 and 2009, were as follows:

	2010	2009
Due in less than one year	$33,667	$ 52,667
Due in one to three years	13,000	53,833
	46,667	106,500
Present value discount	-	(3,014)
Total	$46,667	$103,486

The pledges had been discounted using a 3.18% rate as of June 30, 2009. There was no present value discount applied to the balance as of June 30, 2010, as it is deemed immaterial to the combined financial statements.

(6) NOTES PAYABLE

Notes payable at June 30, 2010 and 2009, are summarized as follows:

	Interest Rate	2010	2009
Notes payable to banks and others:			
Monthly through December, 2012, with balance due at end of term loan	4.93%	$ 817,907	$ 882,911
Monthly through June, 2011	4.34%	469,250	960,347
Other notes payable	0% - 7.5%	176,842	399,207
Total notes payable to banks and others		$1,463,999	$2,242,465
Notes payable to RCAB:			
Monthly	5.5%	$ 350,683	$ 350,683
Interest only payable monthly	Prime+1% (4.25% at June 30, 2010 and 2009)	75,000	75,000
Total notes payable to RCAB		$ 425,683	$ 425,683

(6) NOTES PAYABLE (Continued)

During fiscal years 2010 and 2009, the Organization had available a commercial line-of-credit agreement that provides for borrowings of up to $3,000,000 and is renewable annually on December 31st. There was no outstanding balance at either June 30, 2010 or 2009. Accounts receivable have been pledged as collateral under this agreement. The interest rate on the line-of-credit was prime (3.25% as of June 30, 2010 and 2009), or the 90-day London Interbank Offered Rate (LIBOR) (.54% and .51% as of June 30, 2010 and 2009, respectively), plus 170 basis points, at the Organization's election. 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, 2010 and 2009.

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 $469,250 and $960,347 at June 30, 2010 and 2009, respectively. These leases are secured by the equipment for which the leases were granted.

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 $817,907 and $882,911 was outstanding at June 30, 2010 and 2009, 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. The Organization must meet certain financial and non-financial covenants as specified in the agreement. The Organization was in compliance with these covenants at June 30, 2010 and 2009.

During the year ended June 30, 2010, the Organization received a discharge of a mortgage from the City of Lowell in the amount of $175,067. This amount is included in forgiveness of debt and other on the accompanying combined statement of activities and changes in net assets for the year ended June 30, 2010.

The following is a schedule at June 30, 2010, by year, of future principal payments under notes payable:

Year Ending June 30,	
2011	$ 935,879
2012	98,759
2013	694,049
2014	6,594
2015	5,855
Thereafter	148,546
	$1,889,682

Interest expense was $169,790 and $166,141 for the years ended June 30, 2010 and 2009, 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.

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 RCAB 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 RCAB Plan in accordance with the agreement to freeze the RCAB Plan (the freeze agreement) executed with the Trustees of the RCAB 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 $719,000 and $730,000 as of June 30, 2010 and 2009, respectively, is included in investments on the accompanying combined statements of financial position (see Note 3). The Organization transferred $120,000 from the escrow account into the RCAB Plan during the year ended June 30, 2010, and there was no contribution to the RCAB Plan for the year ended June 30, 2009. Subsequent to year end the remaining balance of this escrow was transferred into the RCAB Plan (see Note 16). As of June 30, 2010 and 2009, 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 $6,043,000 and $6,609,000, respectively, and the Organization has recorded a liability for the applicable amount as of June 30, 2010 and 2009. An actuarial valuation is received each year from the Trustees of the RCAB Plan (actuarial firm appointed by the Trustees of the RCAB Plan) and the liability or asset is 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, 2010 and 2009, 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 2010 and 2009, based on the actuarial valuations as of June 30, 2010 and 2009 (see Notes 2 and 16).

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 RCAB Plan.

(7) **RETIREMENT BENEFITS** (Continued)

Defined Benefit Plan (Continued)

Obligations, funded status and other information at June 30, 2010 and 2009, are as follows:

	2010	**2009**
Funded Status:		
Fair value of plan assets	$ 19,389,000	$ 18,485,000
Projected benefit obligation	(25,432,000)	(25,094,000)
	$ (6,043,000)	$ (6,609,000)
Other Disclosures:		
Employer contributions	$ 120,000	$ -
Benefits paid	$ 1,197,000	$ 1,313,000

The following assumptions were used to determine benefit obligations for the years ended June 30, 2010 and 2009:

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:

2011	$1,306,000
2012	$1,342,000
2013	$1,418,000
2014	$1,518,000
2015	$1,603,000
2016 – 2020	$9,106,000

The fair value of the RCAB Plan is measured using Level 1 (market values of publicly traded investments), Level 2 (discount rates, default rates, and other factors) and Level 3 (actuarial assumptions, mortality expectancy, projected investment returns) inputs (see Note 1).

(7) RETIREMENT BENEFITS (Continued)

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. The 403(b) Plan also allows additional discretionary matching contributions of up to 2% of employee compensation by the Organization. These additional matching contributions were suspended during fiscal year 2010. All contributions made by the Organization vest over a period of three years. The Organization's benefit expense for the 403(b) Plan totaled $693,578 and $831,153 for the years ended June 30, 2010 and 2009, 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. Rent expense for all offices was $1,318,392 and $1,298,236 for the years ended June 30, 2010 and 2009, respectively, including "in-kind" rent totaling $661,554 and $566,799 for the years ended June 30, 2010 and 2009, respectively (see Notes 1 and 10).

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 $126,654 and $243,665 at June 30, 2010 and 2009, respectively. Equipment under capital leases totaling $303,980 and $359,249, net of allowances for amortization of $248,713 and $193,444 and is included in property and equipment, net in the accompanying combined statements of financial position as of June 30, 2010 and 2009, respectively.

Future minimum lease payments under non-cancelable capital and operating leases consist of the following at June 30, 2010:

Year Ending June 30,	Capital Leases	Operating Leases
2011	$130,609	$ 406,791
2012	-	324,239
2013	-	324,239
2014	-	328,439
2015	-	306,648
Thereafter	-	225,918
Total minimum lease payments	130,609	$1,916,274
Amounts representing interest	3,955	
Present value of future minimum lease payments	$126,654	

(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, 2010.

(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 combined 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 $119,933 and $74,378 for the years ended June 30, 2010 and 2009, respectively.

RCAB donated office and building space with a fair rental value of $661,554 and $566,799 for the years ended June 30, 2010 and 2009, respectively (see Notes 1 and 8).

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 $391,518 and $443,277 for the years ended June 30, 2010 and 2009, respectively. Included in amounts owed to RCAB for payment of these services is $697,817 and $471,518 at June 30, 2010 and 2009, respectively, that are non-interest-bearing.

The Organization has notes payable to RCAB in the amount of $425,683 at June 30, 2010 and 2009 (see Note 6).

A member of the Organization's Board of Trustees is also a Board member for another non-profit organization. The Organization received $1,023,602 and $1,426,845 from this other organization for the years ended June 30, 2010 and 2009, respectively.

(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:

	2010	2009
Federal and state contracts	69%	70%
Other third-party payors	30	29
Individuals	1	1
	100%	100%

(11) CONCENTRATIONS (Continued)

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:

	2010	2009
Program services	$2,307,029	$2,202,284
Accumulated earnings on restricted funds	2,235,910	1,961,272
Property and equipment	-	120,117
Total	$4,542,939	$4,283,673

Permanently restricted net assets at June 30, 2010 and 2009, consist of the following:

	2010	2009
Beneficial interests in perpetual trusts	$3,793,922	$3,507,411
Investments to be held in perpetuity, the income from which is expendable for purposes designated by the donor	3,377,610	3,227,610
Total	$7,171,532	$6,735,021

(13) ENDOWMENT

Interpretation of Relevant Law and Spending Policy

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requiring the preservation of the original 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 Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original gift 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

(13) ENDOWMENT (Continued)

Interpretation of Relevant Law and Spending Policy (Continued)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Earnings on investments are appropriated using a total return spending policy. Investment income or loss is allocated to operating and non-operating activities under this policy. In connection with this policy, four percent of a rolling three year average of the market value of the investment portfolio is currently being used to support operating activities. This amounted to $371,544 and $451,344 for the years ended June 30, 2010 and 2009, respectively and is included in operating activities. The remaining investment income earned on the investment portfolio, net of related management fees, is reported in non-operating activities.

Return Objectives and Risk Parameters

The investment portfolio is managed to provide for the long-term support of the Organization. Accordingly, these funds are managed with disciplined longer-term investment objectives and strategies designed to meet cash flow and spending requirements. Management of the assets is designed to attain the maximum total return consistent with acceptable and agreed upon levels of risk. The Organization benchmarks its portfolio performance against a number of commonly used indices on a quarterly basis.

Strategies Employed for Achieving Objectives

The overall objective of the investment strategy is to maintain purchasing power of endowment assets before consideration of gifts. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets an asset allocation strategy wherein assets are diversified among several asset classes. The pursuit of maximizing total return is tempered by the need to minimize the volatility of returns and preserve capital. As such, the Organization seeks broad diversification among assets having different characteristics with the intent to endure lower relative performance in strong markets in exchange for greater downside protection in weak markets.

(13) ENDOWMENT (Continued)

The following schedules summarize the changes in the Organization's donor-restricted endowment:

	Temporarily Restricted	Permanently Restricted	Total Endowment
Endowment net assets, June 30, 2008	$2,618,911	$2,497,610	$5,116,521
Investment return:			
Investment income	72,947	-	72,947
Net realized losses	(180,015)	-	(180,015)
Net unrealized losses	(415,179)	-	(415,179)
Total investment returns	(522,247)	-	(522,247)
Contributions	-	730,000	730,000
Appropriation of endowment assets for expenditure	(135,392)	-	(135,392)
Endowment net assets, June 30, 2009	1,961,272	3,227,610	5,188,882
Investment return:			
Investment income	44,094	-	44,094
Net realized losses	(3,662)	-	(3,662)
Net unrealized gains	348,693	-	348,693
Total investment returns	389,125	-	389,125
Contributions	-	150,000	150,000
Appropriation of endowment assets for expenditure	(114,487)	-	(114,487)
Endowment net assets, June 30, 2010	$2,235,910	$3,377,610	$5,613,520

(14) RECLASSIFICATIONS

Certain amounts in the 2009 combined financial statements have been reclassified to conform with the 2010 presentation.

(15) DISCONTINUED OPERATIONS

The Organization's Board of Trustees voted to cease operations of one of the Organization's programs as of January, 2010.

The activity relating to the operations of this terminated program are reflected as losses from discontinued operations in the accompanying combined statements of activities and changes in net assets and are summarized as follows for the years ended June 30:

	2010	2009
Revenues	$ 258,022	$ 476,587
Expenses	(308,106)	(617,025)
Loss from discontinued operations	$ (50,084)	$(140,438)

(16) SUBSEQUENT EVENTS

Discontinued Operations

Subsequent to year end, management and the Board of Trustees voted to cease operations at two program locations.

Operating Lease

In August, 2010, the Organization entered into a lease for a new office location to house programs located in Brockton, Massachusetts. This lease requires monthly payments of approximately $5,800 and expires in August, 2015.

Waiver

On September 15, 2010, the Organization obtained a waiver from the Trustees of the RCAB Plan eliminating the need for additional funding of the plan's net assets and escrow account for fiscal year 2010, based on the actuarial valuation as of June 30, 2010 (see Notes 2 and 7).

Sale of building

On September 29, 2010, the Organization sold one of the properties that were held for sale as of June 30, 2010. The sale price was $309,232 (see Note 4).

SUPPLEMENTAL COMBINING INFORMATION

Alexander
Aronson
Finning
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

Where Every Client Is A Valued Client

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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, 2010 and 2009, 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, 2010, 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 audit of the combined financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic 2010 combined financial statements taken as a whole.

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

Wellesley, Massachusetts
November 12, 2010

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

COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010

ASSETS	AGENCY	WBCDC	CRCDC	ELIMI-NATIONS	COMBINED TOTAL
CASH AND CASH EQUIVALENTS	$ 474,051	$ -	$ -	$ -	$ 474,051
ACCOUNTS RECEIVABLE, net of allowance for doubtful accounts of approximately $80,000	3,309,683	-	-	-	3,309,683
PLEDGES RECEIVABLE, net	46,667	-	-	-	46,667
DUE FROM AFFILIATES	11,528,853	-	-	(11,528,853)	-
INVESTMENTS	9,445,468	-	-	-	9,445,468
BENEFICIAL INTERESTS IN PERPETUAL TRUSTS	3,793,922	-	-	-	3,793,922
PROPERTY AND EQUIPMENT, net	4,549,318	6,755,843	8,064,289	-	19,369,450
OTHER ASSETS	245,913	-	-	-	245,913
PROPERTY HELD FOR SALE	143,991	-	-	-	143,991
Total assets	$ 33,537,866	$ 6,755,843	$ 8,064,289	$ (11,528,853)	$ 36,829,145
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Accounts payable and accrued expenses	$ 3,462,271	$ -	$ -	$ -	$ 3,462,271
Due to Roman Catholic Archdiocese of Boston	713,635	-	-	-	713,635
Due to Catholic Charitable Bureau of the Archdiocese of Boston, Inc.	-	3,260,899	8,267,954	(11,528,853)	-
Notes payable -					
Banks and others	1,463,999	-	-	-	1,463,999
Roman Catholic Archdiocese of Boston	425,683	-	-	-	425,683
Obligations under capital leases	126,654	-	-	-	126,654
Pension benefits liability	6,043,000	-	-	-	6,043,000
Total liabilities	12,235,242	3,260,899	8,267,954	(11,528,853)	12,235,242
NET ASSETS:					
Unrestricted -					
Operating	(5,977,149)	-	-	-	(5,977,149)
Property and equipment	15,565,302	3,494,944	(203,665)	-	18,856,581
Total unrestricted	9,588,153	3,494,944	(203,665)	-	12,879,432
Temporarily restricted	4,542,939	-	-	-	4,542,939
Permanently restricted	7,171,532	-	-	-	7,171,532
Total net assets	21,302,624	3,494,944	(203,665)	-	24,593,903
Total liabilities and net assets	$ 33,537,866	$ 6,755,843	$ 8,064,289	$ (11,528,853)	$ 36,829,145

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

COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	AGENCY UNRESTRICTED	AGENCY TEMPORARILY RESTRICTED	AGENCY PERMANENTLY RESTRICTED	WBCDC UNRESTRICTED	CRCDC UNRESTRICTED	ELIMI-NATIONS	COMBINED TOTAL
OPERATING SUPPORT, REVENUE AND GAINS:							
Contributions and fundraising -							
Contributions and fundraising	$ 5,982,205	$ 1,983,988	$ 150,000	$ -	$ -	$ -	$ 8,116,193
Contributions from United Way organizations	1,278,820	-	-	-	-	-	1,278,820
Contributions from the Roman Catholic Archdiocese of Boston (including in-kind contributions of $661,554)	800,761	-	-	-	-	-	800,761
Total contributions and fundraising	8,061,786	1,983,988	150,000	-	-	-	10,195,774
Program service fees, grants and contract revenue -							
Individuals	2,874,940	-	-	-	-	-	2,874,940
Medicaid and Medicare	2,321,464	-	-	-	-	-	2,321,464
Commercial insurance fees	731,736	-	-	-	-	-	731,736
Other	15,666	-	-	-	-	-	15,666
Contract revenue from governmental and other agencies	19,519,281	-	-	-	-	-	19,519,281
Grants	2,212,440	198,390	-	-	-	-	2,410,830
Total program service fees, grants and contract revenue	27,675,527	198,390	-	-	-	-	27,873,917
Investment earnings used for operations under the spending policy	371,544	-	-	-	-	-	371,544
Miscellaneous revenue	88,363	-	-	209,844	272,892	(482,736)	88,363
Net assets released from restrictions used for operations	2,077,633	(2,077,633)	-	-	-	-	-
Subtotal	2,537,540	(2,077,633)	-	209,844	272,892	(482,736)	459,907
Total operating support, revenue and gains	38,274,853	104,745	150,000	209,844	272,892	(482,736)	38,529,598
OPERATING EXPENSES:							
Program services -							
Community social services	18,594,711	-	-	138,162	176,639	(314,801)	18,594,711
Day care services	13,233,211	-	-	44,988	78,398	(123,386)	13,233,211
Behavioral health and addiction treatment services	2,049,553	-	-	-	-	-	2,049,553
Total program services	33,877,475	-	-	183,150	255,037	(438,187)	33,877,475
Support services -							
Management and general	4,966,495	-	-	20,635	11,111	(31,746)	4,966,495
Fundraising	1,741,316	-	-	6,059	6,744	(12,803)	1,741,316
Total support services	6,707,811	-	-	26,694	17,855	(44,549)	6,707,811
Total operating expenses	40,585,286	-	-	209,844	272,892	(482,736)	40,585,286
Changes in net assets from operations	(2,310,433)	104,745	150,000	-	-	-	(2,055,688)
OTHER CHANGES IN NET ASSETS:							
Investment earnings	855,237	389,125	-	-	-	-	1,244,362
Contribution income - merger	504,828	-	-	-	-	-	504,828
Pension related changes other than net periodic pension cost	446,000	-	-	-	-	-	446,000
Gain on sale of property	361,974	-	-	-	-	-	361,974
Change in fair value of beneficial interests in perpetual trusts	-	-	286,511	-	-	-	286,511
Forgiveness of debt and other	313,341	-	-	-	-	-	313,341
Contributions for long-term purposes - capital	115,353	-	-	-	-	-	115,353
Net assets released used for property and equipment	120,117	(120,117)	-	-	-	-	-
Carrying costs for non-operating property held for sale	(34,880)	-	-	-	-	-	(34,880)
Investment earnings used for operations under the spending policy	(257,057)	(114,487)	-	-	-	-	(371,544)
Changes in net assets before discontinued operations	114,480	259,266	436,511	-	-	-	810,257
LOSS FROM DISCOUNTINUED OPERATIONS	(50,084)	-	-	-	-	-	(50,084)
Changes in net assets	$ 64,396	$ 259,266	$ 436,511	$ -	$ -	$ -	$ 760,173