

**Exempt Organization Business
Income Tax Return** (and proxy tax under Section 6033(e))
For calendar year **2004** or other tax year beginning 7/01 **2004**,
and ending 6/30, **2005**

2004

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

A <input type="checkbox"/> Check box if address changed		<input type="checkbox"/> (check box if name changed and see instructions)		D Employer identification number (Employees' trust, see instructions for Block D.) 04-2232294
B Exempt under Section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)	Please Print or Type	Catholic Communications Corporation 65 Elliot St. Springfield, MA 01105		E New unrelated business activity codes (See instructions for Block E.) 511120
C Book value of all assets at end of year 238,825.	F Group exemption number (see instructions for Block F) .. ▶			
G Check organization type .. ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust				

H Describe the organization's primary unrelated business activity.
▶ **UNRELATED ADVERTISING IN PERIODICAL**

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? .. ▶ Yes No
If 'Yes,' enter the name and identifying number of the parent corporation. . . . ▶

J The books are in care of ▶ William LaBroad Telephone number ▶

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales . . .				
b Less returns and allowances . . . c Balance ▶	1c			
2 Cost of goods sold (Schedule A, line 7)	2			
3 Gross profit (subtract line 2 from line 1c)	3			
4a Capital gain net income (attach Schedule D)	4a			
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b			
c Capital loss deduction for trusts	4c			
5 Income (loss) from partnerships and S corporations (attach statement)	5			
6 Rent income (Schedule C)	6			
7 Unrelated debt-financed income (Schedule E)	7			
8 Interest, annuities, royalties, and rents from controlled organizations (Schedule F)	8			
9 Investment income of a section 501(c)(7), (9), or (17) organization (Sch G)	9			
10 Exploited exempt activity income (Schedule I)	10			
11 Advertising income (Schedule J)	11	62,688.	26,087.	36,601.
12 Other income (see instructions – attach schedule)	12			
13 Total (combine lines 3 through 12)	13	62,688.	26,087.	36,601.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.)
(Except for contributions, deductions must be directly connected with the unrelated business income.)

14 Compensation of officers, directors, and trustees (Schedule K)	14			
15 Salaries and wages	15			106,831.
16 Repairs and maintenance	16			
17 Bad debts	17			
18 Interest (attach schedule)	18			
19 Taxes and licenses	19			
20 Charitable contributions (see instructions for limitation rules)	20			
21 Depreciation (attach Form 4562)	21	1,173.		
22 Less depreciation claimed on Schedule A and elsewhere on return	22a			1,173.
23 Depletion	23			
24 Contributions to deferred compensation plans	24			
25 Employee benefit programs	25			17,830.
26 Excess exempt expenses (Schedule I)	26			
27 Excess readership costs (Schedule J)	27			
28 Other deductions (attach schedule) See Statement 1	28			43,545.
29 Total deductions (add lines 14 through 28)	29			169,379.
30 Unrelated business taxable income before net operating loss deduction (subtract line 29 from line 13)	30			-132,778.
31 Net operating loss deduction See Statement 2	31			
32 Unrelated business taxable income before specific deduction (subtract line 31 from line 30)	32			-132,778.
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)	33			
34 Unrelated business taxable income (subtract line 33 from line 32). If line 33 is greater than line 32, enter the smaller of zero or line 32	34			-132,778.

Part III Tax Computation

35 Organizations Taxable as Corporations (see instructions for tax computation) Controlled group members (sections 1561 and 1563) – check here <input type="checkbox"/> . See instructions and: a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ _____ (2) \$ _____ (3) \$ _____ b Enter organization's share of: (1) additional 5% tax (not more than \$11,750) \$ _____ (2) additional 3% tax (not more than \$100,000) \$ _____ c Income tax on the amount on line 34		35c	0.
36 Trusts Taxable at Trust Rates (see instructions for tax computation) Income tax on the amount on line 34 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041)		36	
37 Proxy tax (see instructions)		37	
38 Alternative minimum tax		38	
39 Total (add lines 37 and 38 to line 35c or 36, whichever applies)		39	0.

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	40a		
b Other credits (see instructions)	40b		
c General business credit – Check here and indicate which forms are attached: <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form(s) (specify) ▶ _____	40c		
d Credit for prior year minimum tax (attach Form 8801 or 8827)	40d		
e Total credits (add lines 40a through 40d)	40e		0.
41 Subtract line 40e from line 39	41		0.
42 Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611... <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule)	42		
43 Total tax (add lines 41 and 42)	43		0.
44a Payments: A 2003 overpayment credited to 2004	44a		
b 2004 estimated tax payments	44b		
c Tax deposited with Form 8868	44c		
d Foreign organizations – Tax paid or withheld at source (see instructions)	44d		
e Backup withholding (see instructions)	44e		
f Other credits and payments: <input type="checkbox"/> Form 2439 _____ <input type="checkbox"/> Form 4136 _____ <input type="checkbox"/> Other _____ Total ... ▶	44f		
45 Total payments (add lines 44a through 44f)	45		0.
46 Estimated tax penalty (see instructions). Check <input type="checkbox"/> if Form 2220 is attached	46		
47 Tax due – If line 45 is less than the total of lines 43 and 46, enter amount owed	47		
48 Overpayment – If line 45 is larger than the total of lines 43 and 46, enter amount overpaid	48		
49 Enter the amount of line 48 you want: Credited to 2005 estimated tax ▶ Refunded ▶	49		

Part V Statements Regarding Certain Activities and Other Information (See instructions.)

1 At any time during the 2004 calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	Yes	No
If 'Yes,' the organization may have to file Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country here ▶ _____		X
2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? ... If 'Yes,' see the instructions for other forms the organization may have to file.		X
3 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____		0.

Schedule A – Cost of Goods Sold – Enter method of inventory valuation ▶

1 Inventory at beginning of year	1		6 Inventory at end of year	6		
2 Purchases	2		7 Cost of goods sold. Subtract line 6 from line 5. (Enter here and on line 2, Part I.)	7		
3 Cost of labor	3					
4a Additional section 263A costs (attach schedule)	4a		8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?		Yes	No
b Other costs (attach sch)	4b					X
5 Total – Add lines 1 through 4b	5					

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here

▶ Signature of officer _____ Date _____ Title _____

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer's Use Only

Preparer's signature ▶ _____ Date _____ Check if self-employed Preparer's SSN or PTIN _____

Firm's name (or yours if self-employed), address, and ZIP code ▶ Downey, Sweeney, Fitzgerald Co
504 Cottage Street
Springfield, MA 01104-3219

EIN 04-2544008
Phone no. (413) 734-2163

Schedule C – Rent Income (From Real Property and Personal Property Leased with Real Property) (see instructions)

1 Description of property		2 Rent received or accrued	3 Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)		
(1)			
(2)			
(3)			
(4)			
Total		Total	Total deductions. Enter here and on line 6, column (B), Part I, page 1

Total income (Add totals of columns 2(a) and 2(b). Enter here and on line 6, column (A), Part I, page 1.)

Schedule E – Unrelated Debt-Financed Income (see instructions)

1 Description of debt-financed property	2 Gross income from or allocable to debt-financed property	3 Deductions directly connected with or allocable to debt-financed property		
		(a) Straight line depreciation (attach sch)	(b) Other deductions (attach schedule)	
(1)				
(2)				
(3)				
(4)				
4 Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5 Average adjusted basis of or allocable to debt-financed property (attach schedule)	6 Column 4 divided by column 5	7 Gross income reportable (column 2 x column 6)	8 Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
Totals		Enter here and on line 7, column (A), Part I, page 1		Enter here and on line 7, column (B), Part I, page 1

Total dividends-received deductions included in column 8

Schedule F – Interest, Annuities, Royalties, and Rents from Controlled Organizations (see instructions)

1 Name of Controlled Organization	2 Employer Identification Number	Exempt Controlled Organizations				6 Deductions directly connected with income in column 5
		3 Net unrelated income (loss) (see instructions)	4 Total of specified payments made	5 Part of column 4 that is included in the controlling organization's gross income		
(1)						
(2)						
(3)						
(4)						
Nonexempt Controlled Organizations		7 Taxable Income	8 Net unrelated income (loss) (see instructions)	9 Total of specified payments made	10 Part of column 9 that is included in the controlling organization's gross income	11 Deductions directly connected with income in column 10
(1)						
(2)						
(3)						
(4)						
Totals				Add columns 5 and 10. Enter here and on line 8, column (A), Part I, page 1.	Add columns 6 and 11. Enter here and on line 8, column (B), Part I, page 1.	

Schedule G – Investment Income of a Section 501(c)(7), (9), or (17) Organization (See instructions.)

1 Description of income	2 Amount of income	3 Deductions directly connected (attach schedule)	4 Set-asides (attach schedule)	5 Total deductions and set-asides (column 3 plus column 4)
(1)				
(2)				
(3)				
(4)				
Totals	Enter here and on line 9, column (A), Part I, page 1.			Enter here and on line 9, column (B), Part I, page 1.

Schedule I – Exploited Exempt Activity Income, Other Than Advertising Income (See instructions.)

1 Description of exploited activity	2 Gross unrelated business income from trade or business	3 Expenses directly connected with production of unrelated business income	4 Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute columns 5 through 7	5 Gross income from activity that is not unrelated business income	6 Expenses attributable to column 5	7 Excess exempt expenses (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
Totals	Enter here and on line 10, column (A), Part I, page 1.	Enter here and on line 10, column (B), Part I, page 1.				Enter here and on line 26, Part II, page 1.

Schedule J – Advertising Income (See instructions.)

Part I Income From Periodicals Reported on a Consolidated Basis

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (column 2 minus column 3). If a gain, compute columns 5 through 7	5 Circulation income	6 Readership costs	7 Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))						

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

(1) THE CATHOLIC OBSERVER	62,688.	26,087.	36,601.			
(2)						
(3)						
(4)						
(5) Totals from Part I						
Totals , Part II (lines 1-5)	Enter here and on line 11, column (A), Part I, page 1. 62,688.	Enter here and on line 11, column (B), Part I, page 1. 26,087.				Enter here and on line 27, Part II, page 1.

Schedule K – Compensation of Officers, Directors, and Trustees (See instructions.)

1 Name	2 Title	3 Percent of time devoted to business	4 Compensation attributable to unrelated business
		%	
		%	
		%	
		%	

Total – Enter here and on line 14, Part II, page 1

Catholic Communications Corporation

04-2232294

Statement 1
Form 990-T, Part II, Line 28
Other Deductions

COMMISSIONS.....	\$	7,206.
OTHER PROGRAM EXPENSES.....		12,761.
PAYROLL TAXES AND EMPLOYEE BENEFITS.....		11,655.
POSTAGE.....		6,813.
PRODUCTION.....		2,156.
SMALL EQUIPMENT PURCHASES.....		521.
TELEPHONE.....		1,408.
TRAVEL.....		1,025.
	Total	<u>\$ 43,545.</u>

Statement 2
Form 990-T, Part II, Line 31
Net Operating Loss Deduction

Loss Year Ending	Original Loss	Loss Previously Used	Loss Available
6/30/01	\$ 157,869.	\$ 0.	\$ 157,869.
6/30/02	190,899.	0.	190,899.
6/30/03	117,759.	0.	117,759.
6/30/04	64,354.	0.	64,354.
Net Operating Loss Available.....			\$ 530,881.
Taxable Income.....			\$ -132,778.
Net Operating Loss Deduction (Limited to Taxable Income).....			<u>\$ 0.</u>