

Financial Statements and Report of
Independent Certified Public Accountants

**INCOME OPPORTUNITY FUND,
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**

June 30, 2021

INCOME OPPORTUNITY FUND, ROMAN CATHOLIC ARCHBISHOP OF BOSTON

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Trustees of
Income Opportunity Fund, Roman Catholic Archbishop of Boston

We have audited the accompanying financial statements of Income Opportunity Fund, Roman Catholic Archbishop of Boston, which comprise the statement of net assets, including the condensed schedule of investments as of June 30, 2021, and the related statements of operations, changes in net assets, and the financial highlights for the year then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Income Opportunity Fund, Roman Catholic Archbishop of Boston as of June 30, 2021, and the results of its operations, its changes in net assets, and its financial highlights for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Boston, Massachusetts
October 18, 2021

**INCOME OPPORTUNITY FUND,
ROMAN CATHOLIC ARCHBISHOP OF BOSTON
Financial Highlights**

(For a unit outstanding throughout the year)
For the year ended June 30, 2021

	Year Ended June 30
	2021 ⁽⁵⁾
	<u> </u>
Net asset value per unit - beginning of year	\$ 1.133
Investment operations:	
Net investment income ⁽¹⁾	0.019
Net gain/(loss) on investments	<u>0.140</u>
Net increase/(decrease) from investment operations	<u>0.159</u>
Net asset value per unit - end of year	<u>\$ 1.292</u>
Total return ⁽²⁾⁽³⁾	<u>14.04 %</u>
Ratios/Supplemental Data: ⁽³⁾	
Net assets at end of year (in thousands)	<u>\$ 48,081</u>
Ratio of expenses to average net assets ⁽³⁾⁽⁴⁾	<u>0.85 %</u>
Ratio of net investment income to average net assets ⁽³⁾⁽⁴⁾	<u>1.55 %</u>
Ratio of net gain on investments to average net assets ⁽³⁾⁽⁴⁾	<u>11.19 %</u>

- (1) Net investment income per unit has been calculated using quarter-end average units outstanding during the period.
(2) Total return represents the percentage increase or decrease of net asset value per unit at the end of the year over net asset value per unit at the beginning of the year.
(3) An individual partner's return and ratios may vary based on the timing of capital transactions.
(4) Average net assets were derived from the quarterly net assets of the Fund.
(5) Financial highlights are available only for FY21 therefore historical data is not presented.

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

**INCOME OPPORTUNITY FUND,
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**
Statement of Net Assets
June 30, 2021

ASSETS

Investments in securities, at fair value (cost of \$42,290,571)	\$ 46,561,310
Cash and cash equivalents	2,120,018
Receivable for securities sold	356,901
Dividends, interest and other receivables	<u>160,066</u>
Total assets	<u>49,198,295</u>

LIABILITIES

Payable for securities purchased	950,918
Accrued expenses	16,106
Subscriptions received in advance	<u>150,000</u>
Total liabilities	<u>1,117,024</u>
Net assets	<u>\$ 48,081,271</u>
Units outstanding at end of year	<u>37,209,277</u>
Net asset value per unit	<u>\$ 1.292</u>

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

**INCOME OPPORTUNITY FUND,
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**
Condensed Schedule of Investments
June 30, 2021

	<u>Fair Value</u>
Common Stock (27.87%)	
United States (24.32%)	
Consumer - Discretionary	\$ 2,185,497
Consumer - Staples	324,017
Energy	1,435,430
Financial	2,000,186
Healthcare	541,242
Industrial	576,660
Information Technology	2,229,426
Materials	655,548
Real Estate Investment Trust	769,168
Telecommunication Services	<u>974,440</u>
Total United States (cost of \$8,547,348)	11,691,614
Other (3.55%)*	
Financial	496,261
Healthcare	384,803
Utilities	203,258
Consumer Discretionary	269,868
Materials	<u>353,586</u>
Total Other (cost of \$1,688,002)	1,707,776
Total Common Stock (cost of \$10,235,350)	<u>\$ 13,399,390</u>
Preferred Stock (3.75%)	
United States (3.75%)	
Healthcare	\$ 278,544
Energy	187,874
Financial	838,710
Utilities	<u>500,031</u>
Total United States (cost of \$1,609,669)	1,805,159
Total Preferred Stock (cost of \$1,609,669)	<u>\$ 1,805,159</u>

* Other countries include Japan, Ireland, United Kingdom, Cayman Islands, and Canada

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

**INCOME OPPORTUNITY FUND,
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**
Condensed Schedule of Investments - continued
June 30, 2021

	<u>Rate/ Maturity/Shares</u>	<u>Fair Value</u>
Fixed income securities (44.37%)		
U.S. Government (13.42%)		
United States Treasury Notes*	various	\$ 6,450,432
U.S. Government agencies mortgage backed (0.84%)	various	405,991
Convertible Bonds (2.13%)	various	1,026,095
Corporate bonds (26.30%)		
Electric/Gas	various	41,454
Finance	various	1,967,802
Industrial*	various	10,122,853
Telephone	various	511,374
		<u>12,643,483</u>
Yankee bonds (1.68%)	various	805,718
Total fixed income securities (cost of \$20,445,552)		<u>\$ 21,331,719</u>
Mutual funds (20.85%)		
United States		
Metropolitan West Unconstrained Bond Fund Class I	834,725	10,025,042
Total mutual funds (cost of \$10,000,000)		<u>10,025,042</u>
Total investments in securities (cost of \$42,290,571)		<u>\$ 46,561,310</u>

* No individual investment greater than 5% of net assets.

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

**INCOME OPPORTUNITY FUND,
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**
Statement of Operations
For the year ended June 30, 2021

INVESTMENT INCOME

Interest	\$	528,700
Dividends		386,922
Other revenue		13,561

Total investment income 929,183

EXPENSES

Investment advisory fees		262,537
Custodial and recordkeeping fees		30,604
Related party service fees		35,473

Total expenses 328,614

Net investment income 600,569

NET REALIZED GAIN AND CHANGE IN UNREALIZED
APPRECIATION ON INVESTMENTS

Net realized gain on investments		1,885,525
Net change in unrealized appreciation on investments		<u>2,449,896</u>

Net gain on investments 4,335,421

Net increase in net assets resulting from operations \$ 4,935,990

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

**INCOME OPPORTUNITY FUND,
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**
Statement of Changes in Net Assets
Year ended June 30, 2021

OPERATIONS

Net investment income	\$ 600,569
Net realized gain on investments	1,885,525
Net change in unrealized appreciation on investments	<u>2,449,896</u>

Net increase in net assets resulting from operations 4,935,990

UNIT TRANSACTIONS

Proceeds from unit subscriptions	<u>10,517,786</u>
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Net increase in net assets resulting from unit transactions 10,517,786

Net increase in net assets 15,453,776

Net assets at beginning of year 32,627,495

Net assets at end of year \$ 48,081,271

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

**INCOME OPPORTUNITY FUND,
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**
Notes to Financial Statements
June 30, 2021

1. ORGANIZATION AND INVESTMENT OBJECTIVE

The Income Opportunity Fund, Roman Catholic Archbishop of Boston, (the “Fund”) is a Massachusetts trust established on July 1, 2020 to act and serve as an investment pool for corporations, organizations, associations, trusts or other legal entities which are under the direction and control of, or related to, the Roman Catholic Archbishop of Boston, A Corporation Sole. These organizations are exempt from taxation under section 501(c)(3) of the Internal Revenue Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Fund is a private investment vehicle that follows the Investment Company accounting and reporting guidance from the Financial Accounting Standards Board which is part of U.S. GAAP. The significant accounting policies followed by the Fund are described below:

Cash and Cash Equivalents

Cash and cash equivalents held by the Fund represent money market funds held directly by the Fund in accounts at banks and other financial institutions. Mutual funds that are under the control of the Investment Managers are presented within investments in securities, at fair value, on the statement of net assets and are included in the summary schedule of investments.

The Fund deposits its cash in major financial institutions. Deposits in transaction accounts are 100% insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per institution. At times, funds deposited in banks are in excess of FDIC insured limits. The Fund reviews and monitors the strength of the financial institutions and, as such, has not experienced any losses as a result of the use of uninsured deposit accounts. Cash equivalents includes custody sweep funds held in U.S. government money market funds that seek to maximize current income and maintain a stable per share (“NAV”).

Security Valuation

The investment valuation policy of the Fund is to value investments at fair value, which is generally determined as the amount that could reasonably be expected to realize from an orderly disposition of securities and other financial instruments over a reasonable period of time. By its nature, a fair value price is a good faith estimate of the valuation in a current sale and may not reflect an actual market price.

Portfolio securities listed on a securities exchange for which market quotations are readily available (including registered investment companies that are exchange traded) are valued at the last sale price or official closing price on each business day, or if there is no such reported sale or official closing price, at the most recent quoted bid price. If no sales are reported for that day, investments are valued at the last reported bid price, or at fair value as determined in good faith by the Fund. Securities which are primarily traded on foreign exchanges are generally valued at the preceding closing values of such securities on their respective exchanges, and those values are then translated into U.S. dollars at the current exchange rate. Short-term investments with a remaining maturity of 90 days or less are valued at amortized cost, which approximates fair value. Securities for which quotations are not readily available are valued at estimated fair value as determined in good faith by the Fund or other persons acting at their direction. Investments in registered investment companies (other than those that are exchange traded), if any, are valued at their respective NAV.

**INCOME OPPORTUNITY FUND,
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**
Notes to Financial Statements
June 30, 2021

Certain fixed income securities are valued at the closing bid for such securities as supplied by a primary pricing source chosen by the Fund. The Fund evaluates such primary pricing sources on an ongoing basis, and may change a pricing source should it deem it appropriate.

In the event current market prices or quotations are deemed not readily available or reliable by the Fund, such as the occurrence of a significant event, the fair value will be determined in good faith by the Investment Manager using alternative fair valuation methods. Fair value may be determined using an independent fair value service under valuation procedures approved by the Fund. The independent fair value service may take into account multiple factors including, but not limited to, movements in the U.S. securities markets, certain depositary receipts, futures contracts and foreign currency exchange rates that have occurred subsequent to the close of foreign securities exchanges. A “significant event” is an event that the Fund believes, with reasonably high degree of certainty, has caused the closing market prices of the Fund’s portfolio securities to no longer reflect their value at the time of the Fund’s NAV calculation.

Yankee Bonds

The Fund’s portfolio includes Yankee bonds, which are bonds denominated in U.S. dollars that are publicly issued in the U.S. by foreign banks and corporations.

Mutual Funds

Mutual funds are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price.

Money Market Funds

Money market funds are short-term investments with a remaining maturity of 90 days or less at the time of purchase, and are not credit impaired are stated at amortized cost, which approximates fair value.

Securities Transactions and Investment Income

Securities transactions are recorded on a trade-date basis. Receivable for securities sold is comprised of a receivable from brokers on unsettled trades amounting to \$356,901. Payable for securities purchased is comprised of payables to brokers on unsettled trades amounting to \$950,918. Realized gains and losses from securities are calculated using an average-cost basis. Interest is recorded on the accrual basis net of applicable withholding taxes, and dividends are recorded on the ex-dividend date net of applicable withholding taxes. The cost of bonds is adjusted for the amortization of premiums and accretion of discounts.

Foreign Currency Translation

The accounting records of the Fund are maintained in U.S. dollars. Securities denominated in a foreign currency are translated into U.S. dollars at the prevailing rates of exchange at each period end. Purchases and sales of securities, income receipts and expense payments are priced in U.S. dollars at the prevailing exchange rate on the respective dates of the transactions. The impact of foreign currency translation is included in the computation of realized and unrealized gains and losses on the statement of operations.

**INCOME OPPORTUNITY FUND,
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**
Notes to Financial Statements
June 30, 2021

Subscriptions and Redemptions

As a normal practice on the opening of business on the first day of a calendar month, units in the Fund may be purchased or redeemed at the NAV at the close of business on the immediately preceding business day. Redemptions are recognized as liabilities when each of the dollar amounts requested in the redemption notice becomes fixed, which generally occurs on the last day of the fiscal period. As a result, redemptions paid after the end of the year, but based upon the year-end NAVs, are reflected as redemptions payable. Redemption notices received for which the dollar amounts are not fixed or determinable remain in capital until the NAV used to determine the withdrawal amounts is determined. Subscriptions received prior to the last day of the fiscal period are recorded as liabilities on the statement of net assets.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP on an accrual basis of accounting 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 financial statements and the reported amounts of income and expense in net assets from operations during the reporting period. Significant estimates include the valuation of investments. Actual results could differ from those estimates.

3. TAXES

The Fund is organized as a Massachusetts trust, which serves as an investment pool for tax-exempt entities under the direction and control of, or related to, the Roman Catholic Archbishop of Boston. As a grantor trust, all items of income and expense of the trust are reported on the grantees' reports. The Fund is exempt from taxation under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in these financial statements.

4. FEES AND RELATED PARTY TRANSACTIONS

The investment advisory fees are based upon the market value of the Fund's investments following a fee schedule agreed upon with individual Investment Managers, who are unrelated to the Fund. The custodial fees are based upon the fair market value of the Fund's assets in custody, the number of transactions and a base fee. During the year ended June 30, 2021, the Fund utilized three separate Investment Managers, with fees paid to Investment Managers ranging from 0.35% to 0.77%.

During the year ended June 30, 2021, the Fund incurred a service fee from the Roman Catholic Archbishop of Boston, A Corporation Sole, a related organization, in the amount of \$35,473. These service fees relate to the allocable share of administrative, accounting, technology and clerical services performed on behalf of the Fund.

**INCOME OPPORTUNITY FUND,
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**
Notes to Financial Statements
June 30, 2021

5. FUND UNITS

The Fund's trust agreement authorizes the issuance of an unlimited number of units. Transactions in units of the Partnership were as follows for the year ended June 30, 2021:

Units at beginning of year	28,794,529
Units issued/subscribed	8,414,748
Units redeemed	<u>-</u>
Units at end of year	<u><u>37,209,277</u></u>

The net asset value per unit calculated at the close of the last business day of each month is used as the per unit price for any member investment activity (subscriptions and redemptions).

6. FAIR VALUE MEASUREMENTS

In accordance with the authoritative guidance on fair value measurements and disclosures under U.S. GAAP, the Fund discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date.
- Level 2 - Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants would use in valuing a portfolio instrument. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3 - Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Fund's own assumptions about the factors market participants would use in valuing a portfolio instrument, and would be based on the best information available.

Changes in valuation techniques may result in transfers in or out of current assigned level within the hierarchy. The Fund recognizes transfers between fair value hierarchy levels at the approximate date or change in circumstances that causes the transfer. There were no transfers between the levels within the fair value hierarchy during the year. The following is a description of the valuation techniques and inputs used for assets and liabilities measured at fair value, as well as the general classification pursuant to the valuation hierarchy.

**INCOME OPPORTUNITY FUND,
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**
Notes to Financial Statements
June 30, 2021

Equity Securities and Mutual Funds

Investments in equity securities valued at quoted prices in an active market are classified within Level 1 of the fair value hierarchy.

Corporate Debt and U.S. Government Securities

When quoted prices are available in an active market, corporate debt and U.S. government securities are classified within Level 1 of the fair value hierarchy. Quoted prices in inactive markets are classified within Level 2. If quoted market prices are not available or accessible, then fair values are estimated using pricing models, matrix pricing, or discounted cash flow models. The fair values of corporate debt and U.S. government securities are estimated using pricing models or matrix pricing based on observable prices of corporate debt securities that trade in inactive markets and they are generally classified within Level 2 of the fair value hierarchy.

The following table summarizes the Fund's assets and liabilities measured at fair value on a recurring basis within the fair value hierarchy levels as of June 30, 2021:

	<u>June 30, 2021</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Assets			
Investments in securities			
Common Stock	\$ 13,399,390	\$ 13,399,390	\$ -
Preferred Stock	1,805,159	1,805,159	-
Fixed income	21,331,719	-	21,331,719
Mutual fund	<u>10,025,042</u>	<u>10,025,042</u>	<u>-</u>
Total assets measured at fair value	<u>\$ 46,561,310</u>	<u>\$ 25,229,591</u>	<u>\$ 21,331,719</u>

7. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Fund may enter into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, since inception and commencement of operations, the Fund has not had any claims or losses pursuant to these contracts, and expects any risk of loss to be remote.

**INCOME OPPORTUNITY FUND,
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**
Notes to Financial Statements
June 30, 2021

8. COVID-19 PANDEMIC

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. COVID-19 has not adversely impacted the Fund's financial statements. Management continues to monitor the events in an attempt to minimize any potential impact to the Fund's operations.

9. SUBSEQUENT EVENTS

In connection with the preparation of these financial statements, the Fund has evaluated events and transactions through October 18, 2021, which is the date the financial statements were available for issuance.

Subsequent to June 30, 2021, the Fund processed additional subscriptions of \$5,465,000 and redemptions of \$0.