

**ROMAN CATHOLIC ARCHDIOCESE OF BOSTON
LIFE INSURANCE PLAN AND LONG-TERM DISABILITY PLAN**

**FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**ROMAN CATHOLIC ARCHDIOCESE OF BOSTON
LIFE INSURANCE PLAN AND LONG-TERM DISABILITY PLAN**

Contents
June 30, 2021 and 2020

	<u>Pages</u>
Independent Accountants' Review Report	1
Financial Statements:	
Statements of Benefit Obligations and Net Assets Available for Benefits	2
Statements of Changes in Benefit Obligations and Changes in Net Assets Available for Benefits	3
Notes to Financial Statements.....	4 - 7



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Independent Accountants' Review Report

To the Board of Trustees of the
Roman Catholic Archdiocese of Boston
Life Insurance Plan and Long-Term Disability Plan:

We have reviewed the accompanying statements of benefit obligations and net assets available for benefits of the Roman Catholic Archdiocese of Boston Life Insurance Plan and Long-Term Disability Plan (the Plan) as of June 30, 2021 and 2020, and the related statements of changes in benefit obligations and changes in net assets available for benefits for the years ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Roman Catholic Archdiocese of Boston management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

AAFCPAs, Inc.

Westborough, Massachusetts
December 15, 2021

**ROMAN CATHOLIC ARCHDIOCESE OF BOSTON
LIFE INSURANCE PLAN AND LONG-TERM DISABILITY PLAN**

Statements of Benefit Obligations and Net Assets Available for Benefits

June 30, 2021 and 2020

(See Independent Accountants' Review Report)

	<u>2021</u>	<u>2020</u>
Benefit Obligations:		
Liability for coverage on waivers of premium (see Notes A and B)	\$ 118,488	\$ 115,488
Net Assets Available for Benefits:		
Assets:		
Cash and cash equivalents	834,689	871,354
Employers' contributions receivable, net of allowance for uncollectible assessments	<u>2,245</u>	<u>9,979</u>
Total assets	836,934	881,333
Accounts payable and accrued expenses	<u>11,146</u>	<u>16,007</u>
Net assets available for benefits	<u>825,788</u>	<u>865,326</u>
Excess of Net Assets Available for Benefits Over Benefit Obligations:		
Board-designated	550,594	599,219
Excess of board-designated	<u>156,706</u>	<u>150,619</u>
Total excess of net assets available for benefits over benefit obligations	<u>\$ 707,300</u>	<u>\$ 749,838</u>

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON
LIFE INSURANCE PLAN AND LONG-TERM DISABILITY PLAN

Statements of Changes in Benefit Obligations and Changes in Net Assets Available for Benefits
For the Years Ended June 30, 2021 and 2020
(See Independent Accountants' Review Report)

	<u>2021</u>	<u>2020</u>
Net Increase (Decrease) in Benefit Obligations:		
Liabilities for coverage on waivers of premium (see Notes A and B)	\$ 3,000	\$ (24,287)
Changes in Net Assets Available for Benefits Over Benefit Obligations:		
Additions to net assets:		
Assessments to participating employers:		
Life insurance plan	840,963	864,238
Long-term disability plan	369,535	383,174
Total assessments to participating employers	1,210,498	1,247,412
Interest income	2,210	8,596
Total additions	1,212,708	1,256,008
Deductions from net assets:		
Payments to insurance company:		
Life insurance premiums	760,975	849,272
Long-term disability premiums	302,164	310,311
Accidental death and dismemberment premiums	38,049	38,854
Total payments to insurance company	1,101,188	1,198,437
General and administrative expenses:		
Administration - Roman Catholic Archbishop of Boston, A Corporation Sole	114,716	148,901
Office and other administrative expenses	21,325	18,675
Professional fees	14,649	11,395
Total general and administrative expenses	150,690	178,971
Bad debt expense	368	136
Total deductions	1,252,246	1,377,544
Net decrease	(42,538)	(97,249)
Excess of Net Assets Available for Benefits Over Benefit Obligations:		
Beginning of year	749,838	847,087
End of year	<u>\$ 707,300</u>	<u>\$ 749,838</u>

**ROMAN CATHOLIC ARCHDIOCESE OF BOSTON
LIFE INSURANCE PLAN AND LONG-TERM DISABILITY PLAN**

Notes to Financial Statements
June 30, 2021 and 2020
(See Independent Accountants' Review Report)

NOTE A - DESCRIPTION OF PLAN

The following description of the Roman Catholic Archdiocese of Boston Life Insurance Plan (the Life Insurance Plan) and Long-Term Disability Plan (the Disability Plan) (collectively, the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan provides life, accidental death, dismemberment, and disability insurance coverage for eligible employees who work for a participating employer. All participating employers are Catholic organizations within the Archdiocese of Boston.

Eligibility

For all employees, participation begins on the first day of the month following the completion of one year of service during which at least 1,000 hours of service were worked. Those who are employed by participating schools are eligible provided they have worked at least 24 hours per week for an entire academic year.

Payment of Benefits

Premiums paid by the Plan are recorded as premium payments in the accompanying statements of changes in benefit obligations and changes in net assets available for benefits.

Claim payments are recorded when paid by the third-party claims processor. Amounts due to claims processors that have yet to be reimbursed by the Plan are recorded as payable to claims administrators in the accompanying statements of benefit obligations and net assets available for benefits.

Life Insurance Benefits

The amount of life, accidental death and dismemberment coverage is based upon 200% of the employee's annual earnings to a maximum coverage of \$300,000. The percentage of coverage is reduced to 160% upon reaching age 65, and reduced to 120% upon reaching age 70. The minimum benefit payable under the Life Insurance Plan is \$10,000.

The amount of accidental death and dismemberment coverage during total disability is reduced to 100% of the employee's annual earnings and reduced to zero upon reaching age 65.

Disability Benefits

The amount of long-term disability coverage is based upon 60% of the employee's monthly earnings to a maximum benefit of \$10,000 per month. The minimum benefit payable under the Disability Plan is the greater of \$50 or 15% of a participating employee's gross disability payment.

**ROMAN CATHOLIC ARCHDIOCESE OF BOSTON
LIFE INSURANCE PLAN AND LONG-TERM DISABILITY PLAN**

Notes to Financial Statements
June 30, 2021 and 2020
(See Independent Accountants' Review Report)

NOTE A - DESCRIPTION OF PLAN (Continued)

Contributions

The Plan agreement provides that the participating employers make monthly contributions to the Plan of a specified amount based on the annual salaries of the eligible employees. The employers' contribution rate is determined annually by the Plan's Trustees, and is primarily set based upon the insurance contract premiums paid by the Plan. The contribution rate for the years ended June 30, 2021 and 2020, was \$0.22 per \$1,000 of eligible salaries per month for the Life Insurance Plan. The contribution rate for the years ended June 30, 2021 and 2020, was \$0.24 per \$100 of eligible salaries for the Disability Plan.

Funding

The Plan is fully insured through insurance contracts. Accordingly, the statements of changes in benefit obligations and changes in net assets available for benefits are charged with the cost of current insurance premiums, and there are generally no recorded benefit obligations (see Note B).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Plan prepares its financial statements in accordance with generally accepted accounting principles established by the Financial Accounting Standards Board (FASB). References to generally accepted accounting principles (U.S. GAAP) in these notes are to the FASB Accounting Standards Codification (ASC).

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, benefit obligations, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of presentation of the statements of benefit obligations and net assets available for benefits, cash and cash equivalents include all checking and savings accounts and overnight investments from the accounts. The Plan deposits a portion of its cash in major financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain amounts. At certain times during the year, cash balances may exceed the insured amounts. The Plan has not experienced any losses in such accounts. The Plan believes it is not exposed to any significant credit risk on cash and cash equivalents.

For purposes of presentation of the statements of benefit obligations and net assets available for benefits, cash equivalents include short-term, highly liquid investments with original maturities of three months or less and are reported at cost, which approximates fair value. The Plan deposits its cash equivalents in major financial institutions. The Plan has not experienced any losses in such accounts.

**ROMAN CATHOLIC ARCHDIOCESE OF BOSTON
LIFE INSURANCE PLAN AND LONG-TERM DISABILITY PLAN**

Notes to Financial Statements
June 30, 2021 and 2020
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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Experience-Rated Contracts

Certain insurance contracts are subject to experience-rating adjustments. Experience ratings (calculated as the difference between premiums paid and the total of claims paid and fees charged by the insurance company) are determined by the insurance company in the following year and may result in a premium surplus or deficit.

Provision for Coverage on Waivers of Premium

The Plan's financial statements include provisions for estimated future benefits payable to participants qualifying for premium waivers under the Plan document. Such provisions generally apply to participants whose employment terminated due to disability.

In fiscal years 2021 and 2020, there was a change in the estimate of the liability for benefits coverage on these waivers of premium participants. The effect of the change in estimate was an increase in the liability of \$3,000 and a decrease in the liability of \$24,287 for the years ended June 30, 2021 and 2020, respectively.

Administrative Expenses

The Plan pays office and other administrative expenses that consist primarily of fees paid to third-party claims administrators and accounting fees. The Plan also pays a service fee for administrative, technology and clerical services, which is charged to the Plan by the Roman Catholic Archbishop of Boston, A Corporation Sole (see Note C) (the Plan Sponsor). These expenses are reported on the statements of changes in benefit obligations and changes in net assets available for benefits as general and administrative expenses.

Employers' Contributions Receivable

Amounts receivable from participating employers are stated net of an allowance for uncollectible assessments of \$537 and \$169 as of June 30, 2021 and 2020, respectively, which are reported on the Plan's statements of benefit obligations and net assets available for benefits. The allowance is established via a provision for uncollectible assessments. On a periodic basis, management evaluates its receivables and establishes or adjusts its allowance to an amount that it believes will be adequate to absorb possible losses on accounts that may become uncollectible based on evaluations of the collectability of individual accounts.

Provision for Income Taxes

The Plan is included in the United States Catholic Conference Group Ruling and in the Official Catholic Directory and is therefore exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Plan adopted guidance recognizing the financial statement benefit of a tax position only after determining that the relevant tax authority would more-likely-than-not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Plan's management has reviewed the tax positions for open periods and determined that no provision for income tax is required in the Plan's financial statements.

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June 30, 2021 and 2020
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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Subsequent events have been evaluated through December 15, 2021, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

NOTE C - RELATED PARTY TRANSACTIONS

A service fee for administrative, technology and clerical services is charged to the Plan by the Roman Catholic Archbishop of Boston, A Corporation Sole. The total fees charged for the years ended June 30, 2021 and 2020, were \$114,716 and \$148,901, respectively.

NOTE D - BOARD-DESIGNATED NET ASSETS

The Board of Trustees established a targeted reserve for net assets equaling 50% of current year's insurance premiums. At June 30, 2021 and 2020, the net assets available to satisfy this reserve were sufficient, and are presented in the accompanying statements of benefit obligations and net assets available for benefits as Board-designated net assets.

NOTE E - RISKS AND UNCERTAINTIES

The Plan invests in various cash-related instruments that are potentially subject to various risks such as interest rate, market and credit risk. Due to the minimal level of risk associated with cash-related instruments, it is reasonably possible that changes in the values of these cash-related instruments in the near term would not materially affect the amounts reported in the statements of benefit obligations and net assets available for benefits.

NOTE F - PLAN TERMINATION

Although they have not expressed any intention to do so, the Trustees may completely or partially amend or terminate the Plan at any time. Upon termination, the Plan allows available Plan assets to be allocated in accordance with any reasonable method selected by the Trustees, including the reversion of any excess monies remaining after satisfaction of all liabilities to each participating employer on the date of termination in a manner determined by the Trustees.

NOTE G - COVID-19 PANDEMIC

The COVID-19 pandemic, the effects of which first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of COVID-19 on the Plan's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Plan's financial statements is uncertain.