

**ROMAN CATHOLIC ARCHDIOCESE OF BOSTON
TRANSITION ASSISTANCE PROGRAM**

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

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON TRANSITION ASSISTANCE PROGRAM

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June 30, 2021 and 2020

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Independent Accountants' Review Report

To the Board of Trustees of the
Roman Catholic Archdiocese of Boston Transition Assistance Program:

We have reviewed the accompanying statements of benefit obligations and net assets available for benefits of the Roman Catholic Archdiocese of Boston Transition Assistance Program (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 then 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 TRANSITION ASSISTANCE PROGRAM

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:		
Claims Payable	\$ 38,501	\$ 105,465
Net Assets Available for Benefits:		
Assets:		
Cash and cash equivalents	959,929	1,156,151
Investments, at fair value	3,802,352	2,897,166
Interest and dividends receivable	9,250	28,005
Participating employers' contributions receivable, net of allowance for uncollectible assessments	1,112	4,569
Total assets	<u>4,772,643</u>	<u>4,085,891</u>
Liabilities:		
Accounts payable and accrued expenses	7,900	7,470
Due to affiliates	24,131	3,289
Total liabilities	<u>32,031</u>	<u>10,759</u>
Net assets available for benefits	<u>4,740,612</u>	<u>4,075,132</u>
Excess of Net Assets Available for Benefits Over Benefit Obligations	<u><u>\$ 4,702,111</u></u>	<u><u>\$ 3,969,667</u></u>

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON TRANSITION ASSISTANCE PROGRAM

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 Decrease in Benefit Obligations:		
Claims Payable	\$ (66,964)	\$ (57,933)
Net Income in Net Assets Available for Benefits Over Benefit Obligations:		
Additions to Net Assets:		
Participating employers' contributions	563,779	583,635
Net appreciation (depreciation) in fair value of investments	339,031	(64,521)
Interest and dividend income	47,974	134,103
Total additions	<u>950,784</u>	<u>653,217</u>
Deductions from Net Assets:		
Claims	<u>113,068</u>	<u>556,520</u>
General and administrative expenses:		
Administration - Roman Catholic Archbishop of Boston, a Corporation Sole	141,630	134,854
Office and other administrative expenses	<u>30,410</u>	<u>31,389</u>
Total general and administrative expenses	<u>172,040</u>	<u>166,243</u>
Provision for uncollectable assessments	<u>196</u>	<u>-</u>
Total deductions	<u>285,304</u>	<u>722,763</u>
Net increase (decrease)	732,444	(11,613)
Excess of Net Assets Available for Benefits Over Benefit Obligations:		
Beginning of year	<u>3,969,667</u>	<u>3,981,280</u>
End of year	<u>\$ 4,702,111</u>	<u>\$ 3,969,667</u>

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON TRANSITION ASSISTANCE PROGRAM

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 Transition Assistance Program (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 unemployment benefits for all 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 in 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.

Benefits

The full amount of unemployment benefits is based upon 50% of the employee's base weekly wage, subject to a maximum coverage of \$855 and \$823 (gross) per week as of June 30, 2021 and 2020, respectively. This amount was amended by the Trustees in April 2020 to be a maximum of 50% of the employee's base weekly wage, subject to the same maximum coverage noted above. Benefits are payable for a maximum duration of thirty calendar weeks. Weekly maximum benefit amounts are adjusted annually to reflect the Massachusetts statutory weekly unemployment benefit maximum. Continued benefits are contingent upon proof of active job search. The Plan also provides job search counseling sessions to eligible employees.

In Plan year 2020, the Board of Trustees approved a one-time payment of \$300/week for employees who were paid no wages from late March into mid-April due to COVID-19 (see Note G).

Contributions

The Plan document provides that the participating employers may 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.

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.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON TRANSITION ASSISTANCE PROGRAM

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

Investment Valuation and Income Recognition

The Plan's investments are carried at fair value. Changes in fair value are reflected in the statements of benefit obligations and changes in net assets available for benefits as net appreciation (depreciation) in fair value of investments. The Plan's financial statements are recorded on the accrual basis of accounting.

Investments represent the Plan's unit holdings in the Common Investment Fund, Roman Catholic Archbishop of Boston (the Common Investment Fund), the Income Opportunity Fund, Roman Catholic Archbishop of Boston, a Corporation Sole (the Income Opportunity Fund), and the Fixed Income Fund, Roman Catholic Archbishop of Boston (the Fixed Income Fund), (collectively, the Funds). All Funds are related organizations established to provide a common investment pool in which the Plan and other related organizations may participate. It is the Common Investment Fund's policy to distribute to its members, on a quarterly basis, one percent of the total net assets as of the end of the first business day of the quarter. The Common Investment Fund invests nearly all of its funds in the RCAB Collective Investment Partnership (the Investment Partnership), the underlying investments of which are primarily equity and fixed-income securities (U.S. Government and agency securities, asset-backed securities and corporate bonds) owned directly or indirectly through mutual funds or private investment entities. The Income Opportunity Fund is primarily equity and fixed income securities owned directly or indirectly through mutual funds. The Fixed Income Fund is primarily fixed income securities owned directly or indirectly through private investment bond funds.

The fair value of the Investment Partnership's investments in domestic and foreign securities listed on security exchanges is valued at the last reported sales price, or if there is no such reported sale or official closing price, at the most recent quoted bid price. For those securities whose prices are not available through independent pricing services, bid price quotations are obtained by State Street Corporation from the principle market makers in those securities or at fair value as determined in good faith by management. Investment holdings of private investment entities that are not actively traded are valued based on the net asset value per share on the valuation date as reported by the individual investment managers.

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, technological and clerical services, which are charged to the Plan by the Roman Catholic Archbishop of Boston, a Corporation Sole (see Note D) (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.

Participating Employers' Contributions Receivable

Amounts receivable from participating employers are stated net of an allowance for uncollectible assessments of \$196 as of June 30, 2021, 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. There was no allowance for uncollectible assessments as of June 30, 2020.

Benefit Obligations

Benefit obligations consist solely of claims payable for involuntary job loss. Claims payable represent actual claims received and payable, as well as an estimate by management of future amounts payable for claims incurred through the end of each year. There are no post-retirement benefit obligations associated with the Plan.

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.

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.

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NOTE C - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. ASC 820, *Fair Value Measurements*, establishes a hierarchy of the valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs).

The fair value hierarchy is as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

There has been no change in the methodology used as of June 30, 2021 and 2020.

Following is a description of the valuation methodology used for the asset measured at fair value:

Common Investment Fund, Income Opportunity Fund and Fixed Income Fund: The Plan's unit holdings in the Funds do not have quoted prices in active markets or significant other observable inputs that have quoted market prices, although the Plan can redeem its investment at the net asset value (NAV) per share at June 30, 2021 and 2020. These assets are valued using NAV per share as a practical expedient to estimate fair value. The Plan evaluates the Funds' estimate of the fair value of the Plan's unit holdings in the Funds based on the Plan's share of the underlying investment portfolios that consists of actively traded equities, bonds, money market funds and private investment entities.

In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy.

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NOTE C - FAIR VALUE MEASUREMENTS (Continued)

The following table summarizes investments measured at fair value based on NAV per share as of June 30:

<u>2021</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Roman Catholic Archbishop of Boston Common Investment Fund (a)	\$ 969,063	N/A	Monthly	15 days
Income Opportunity Fund (b)	\$ 572,881	N/A	Monthly	15 days
Fixed Income Fund (c)	\$ 2,260,408	N/A	Monthly	15 days
<u>2020</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Roman Catholic Archbishop of Boston Common Investment Fund (a)	\$ 2,394,808	N/A	Monthly	15 days
Income Opportunity Fund (b)	\$ 502,358	N/A	Monthly	15 days

(a) The Common Investment Fund seeks to achieve its investment objective of maximizing long-term return by investing substantially all of its net investable assets through a master-feeder structure, in the Investment Partnership, which has the same investment objective and policies as the Fund.

(b) The investment objective of the Income Opportunity Fund is to maximize long-term return by investing in equity, fixed income or cash securities.

(c) The investment objective of the Fixed Income Fund is to maximize long-term total return by investment in investment grade debt and fixed income securities, owned either directly or indirectly through a private investment entity.

NOTE D - RELATED PARTY TRANSACTIONS

A service fee for administrative, technological and clerical services is charged to the Plan by the Roman Catholic Archbishop of Boston, a Corporation Sole. The fees charged for the years ended June 30, 2021 and 2020, were \$141,630 and \$134,854, respectively.

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NOTE E - 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 F - RISKS AND UNCERTAINTIES

The Plan invests in cash-related instruments and various investment securities that are potentially subject to various risks such as interest rate, market and credit risk. Due to 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.

The actuarial present value of benefit obligations is reported based on certain assumptions pertaining to interest rates, health care inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

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.