

**Audited
Financial Statements**

**Archdiocese of Boston
Clergy Benefit Trust**

June 30, 2007

Archdiocese of Boston Clergy Benefit Trust

Audited Financial Statements and Other Financial Information

June 30, 2007

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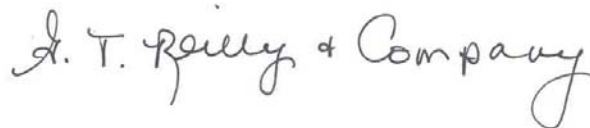
INDEPENDENT AUDITORS' REPORT

To the Trustee
Archdiocese of Boston Clergy Benefit Trust

We have audited the accompanying statements of net assets available for benefits and of benefit obligations of the Archdiocese of Boston Clergy Benefit Trust as of June 30, 2007 and 2006, and the related statements of changes in net assets available for benefits and of changes in benefit obligations for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Archdiocese of Boston Clergy Benefit Trust as of June 30, 2007 and 2006, and the changes in its financial status for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



G. T. Reilly & Company

Milton, Massachusetts
November 28, 2007

Archdiocese of Boston Clergy Benefit Trust

Statements of Net Assets Available for Benefits

June 30

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Investments, at fair value (Note 3)		
Roman Catholic Archbishop of Boston:		
Common Investment Fund	\$ 584,300	\$3,357,009
Fixed Income Investment Fund	<u>959,498</u>	<u>1,943,717</u>
	<u>1,543,798</u>	5,300,726
Cash and cash equivalents	2,790,194	3,646,654
Accrued interest and dividends receivable	<u>17,334</u>	<u>55,993</u>
TOTAL ASSETS	<u>4,351,326</u>	<u>9,003,373</u>
<u>Liabilities</u>		
Accounts payable (Note 4)	<u>5,115</u>	<u>455</u>
<u>Net Assets Available for Benefits</u>		
Unrestricted	4,346,211	8,839,847
Temporarily restricted (Note 5)	<u>0</u>	<u>163,071</u>
TOTAL NET ASSETS	<u>\$4,346,211</u>	<u>\$9,002,918</u>

Archdiocese of Boston Clergy Benefit Trust

Statements of Changes in Net Assets Available for Benefits

Year Ended June 30

	<u>2007</u>	<u>2006</u>
ADDITIONS		
Investment Income:		
Net appreciation (depreciation) in fair value of investments (Note 3)	\$ 243,072	\$ (73,543)
Dividends (Note 3)	145,093	165,571
Interest	<u>168,894</u>	<u>97,605</u>
	557,059	189,633
Collections from parishes	5,548,996	5,471,121
Gifts and bequests	281,000	55,999
Other	<u>550</u>	<u>0</u>
	<u>6,387,605</u>	<u>5,716,753</u>
TOTAL ADDITIONS		
DEDUCTIONS		
Benefits:		
Support to Archdiocese of Boston Clergy Medical/Hospitalization Plan (Note 4)	763,071	100,000
Supplementary benefits	1,222,702	1,805,381
Medex benefits	357,262	422,826
Sick leave benefits	113,961	127,268
Priest recovery	0	34,993
Funeral benefits	18,298	19,630
Other benefits (Note 4)	806,163	745,595
Office for Senior Priests	<u>88,288</u>	<u>90,612</u>
	<u>3,369,745</u>	<u>3,346,305</u>
Administration:		
Service fees (Note 4)	118,169	118,169
Other administrative expenses	<u>56,398</u>	<u>18,961</u>
	<u>174,567</u>	<u>137,130</u>
TOTAL DEDUCTIONS	<u>3,544,312</u>	<u>3,483,435</u>
NET INCREASE	2,843,293	2,233,318
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	9,002,918	6,769,600
TRANSFER TO ARCHDIOCESE OF BOSTON CLERGY RETIREMENT/DISABILITY PLAN (Note 4)	<u>(7,500,000)</u>	<u>0</u>
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	<u>\$4,346,211</u>	<u>\$9,002,918</u>

Archdiocese of Boston Clergy Benefit Trust

Statements of Benefit Obligations

Year Ended June 30

	<u>2007</u>	<u>2006</u>
CURRENTLY PAYABLE BENEFIT OBLIGATIONS		
Claims payable	\$ <u>3,549</u>	\$ <u>12,118</u>

Archdiocese of Boston Clergy Benefit Trust

Statements of Changes in Benefit Obligations

Year Ended June 30

	<u>2007</u>	<u>2006</u>
CURRENTLY PAYABLE BENEFIT OBLIGATIONS		
Balance at beginning of year	\$ 12,118	\$ 5,703
Increase (decrease) during the year attributable to:		
Claims reported and approved	3,361,176	3,352,720
Claims paid	<u>(3,369,745)</u>	<u>(3,346,305)</u>
Balance at end of year	\$ <u>3,549</u>	\$ <u>12,118</u>

Archdiocese of Boston Clergy Benefit Trust

Notes to Financial Statements

June 30, 2007

Note 1 – Purpose of the Trust

The Archdiocese of Boston Clergy Benefit Trust ("the Trust") was established for the purpose of generating and providing support for the benefit of priests incardinated in the Roman Catholic Archdiocese of Boston, as directed by the Roman Catholic Archbishop of Boston. The primary benefits provided by the Trust relate to funding of the Archdiocese of Boston Clergy Medical/Hospitalization Plan, the Archdiocese of Boston Clergy Retirement/Disability Plan and the Archdiocese of Boston Benefit Trust for Non-Incardinated Priests Duly Assigned for Service in the Archdiocese of Boston on an as-needed basis (see Note 4). Additional benefits include support for the well-being of priests incardinated in the Roman Catholic Archdiocese of Boston at the discretion of the Trustee, and those priests who are currently on health leave, emergency response and administrative leave. The Trust is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting.

Accounting Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures of assets and liabilities and changes therein. Actual results could differ from those estimates.

Cash and Cash Equivalents – The Trust deposits its cash in major financial institutions, which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$ 100,000. At times, such cash is in excess of FDIC insured limits. At June 30, 2007, the excess approximated \$52,000 based on bank balances. Cash equivalents consist of investments in uninsured money market mutual funds approximating \$2,703,000 at June 30, 2007. The Trust has not experienced any losses as a result of uninsured amounts.

Valuation of Investments - Investments are stated at fair value, based upon the latest quoted market prices as of the financial statement date. Realized and unrealized gains and losses on investments are reflected in the statement of changes in net assets.

Note 3 - Investments

Investments consist of the following at June 30:

	2007		2006	
	Cost	Fair Value	Cost	Fair Value
Roman Catholic Archbishop of Boston:				
Common Investment Fund	\$ 477,274	\$ 584,300	\$3,003,117	\$3,357,009
Fixed Income Investment Fund	889,284	959,498	1,798,056	1,943,717
	<u>\$1,366,558</u>	<u>\$1,543,798</u>	<u>\$4,801,173</u>	<u>\$5,300,726</u>

Archdiocese of Boston Clergy Benefit Trust

Notes to Financial Statements (Cont.)

June 30, 2007

Note 3 – Investments (Cont.)

During the year ended June 30, the Trust's investments (including investments bought, sold and held during the year) appreciated (depreciated) in value as follows:

	<u>2007</u>	<u>2006</u>
Roman Catholic Archbishop of Boston:		
Common Investment Fund	\$ 227,291	\$ 27,027
Fixed Income Investment Fund	<u>15,781</u>	<u>(100,570)</u>
Change in fair value	<u>\$ 243,072</u>	<u>\$ (73,543)</u>

The Common Investment Fund and Fixed Income Investment Fund are separate entities established to provide a common investment pool in which Catholic organizations may participate. Dividend income from these investments totaled \$145,093 and \$165,571 during the years ended June 30, 2007 and 2006, respectively.

Note 4 - Related Party Transactions

The Trust supports the medical and hospitalization needs of priests incardinated in the Roman Catholic Archdiocese of Boston. Transfers are made as needed to a related trust, Archdiocese of Boston Clergy Medical/Hospitalization Plan, to fund these medical claims. Such support totaled \$763,071 in 2007, which included \$163,071 in temporarily restricted funds (see Note 5) (\$100,000 in 2006).

Also, during the year ended June 30, 2007, the Trust transferred \$7.5 million in unrestricted funds to the Archdiocese of Boston Clergy Retirement/Disability Plan, a related plan, to assist in funding that plan's obligations.

A service fee for administrative, technology and clerical services is charged to the Trust by the Roman Catholic Archbishop of Boston, A Corporation Sole. The fees charged for the years ended June 30, 2007 and 2006 were approximately \$110,200 for each year.

The Trust is assessed by the Archdiocese of Boston Clergy Medical/Hospitalization Plan for priests whose benefits are covered under this trust. These health insurance expenses are included with other benefits on the accompanying statements of changes in net assets available for benefits. Such expenses totaled \$518,310 and \$453,917 for the years ended June 30, 2007 and 2006, respectively.

Note 5 - Restricted Net Assets

Temporarily restricted net assets at June 30, 2006 represented funds contributed for specified needs of priests incardinated in the Roman Catholic Archdiocese of Boston. This restriction was released during the current fiscal year and expended as support to a related trust (see Note 4).

Note 6 - Financial Instruments and Concentrations of Credit Risk

The Plan's financial instruments that are potentially subject to concentrations of credit risk consist of cash and cash equivalents (see Note 2), and investments. The Plan's investments consist principally of investments in the Common Investment Fund, Roman Catholic Archbishop of Boston and Fixed Income Investment Fund, Roman Catholic Archbishop of Boston, A Corporation Sole as disclosed in Note 3.

INDEPENDENT AUDITORS' REPORT

To the Trustee
Archdiocese of Boston Clergy Benefit Trust

The audited financial statements of the Trust, and our report thereon, are presented in the preceding section of this report.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of other benefits and administrative expenses for the years ended June 30, 2007 and 2006, are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

G. T. Reilly & Company

G. T. Reilly & Company

Milton, Massachusetts
November 28, 2007

Archdiocese of Boston Clergy Benefit Trust

Schedules of Other Benefits and Administrative Expenses

Year Ended June 30

	<u>2007</u>	<u>2006</u>
OTHER BENEFITS		
Non-plan payments	\$ 30,835	\$ 11,961
Retreats	19,037	13,557
Clergy, automobile insurance reimbursement	5,888	10,785
Stipends, clergy not assigned	1,000	19,875
Room and board	231,093	235,500
Health insurance	<u>518,310</u>	<u>453,917</u>
TOTAL OTHER BENEFITS	<u>\$ 806,163</u>	<u>\$ 745,595</u>
OTHER ADMINISTRATIVE EXPENSES		
Clergy transportation	\$ 9,414	\$ 7,312
Contract services	4,904	4,904
Printing	15,522	2,096
Office supplies	2,650	0
Postage	4,451	0
Conferences and meetings	0	455
Institutional support	15,589	0
Bank service charges	121	36
Education Assistance	<u>3,747</u>	<u>4,158</u>
TOTAL OTHER ADMINISTRATIVE EXPENSES	<u>\$ 56,398</u>	<u>\$ 18,961</u>