Financial Statements and Report of Independent Certified Public Accountants

Benefit Trust for Non-Incardinated Priests Duly Assigned for Service in the Archdiocese of Boston

June 30, 2014 and 2013
BENEFIT TRUST FOR NON-INCARDINATED PRIESTS DULY ASSIGNED FOR SERVICE IN THE ARCHDIOCESE OF BOSTON

Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Accountants’ Review Report</td>
<td>1</td>
</tr>
<tr>
<td>Financial Statements:</td>
<td></td>
</tr>
<tr>
<td>Statements of Net Assets Available for Benefits</td>
<td>2</td>
</tr>
<tr>
<td>Statements of Changes in Net Assets Available for Benefits</td>
<td>3</td>
</tr>
<tr>
<td>Statements of Accumulated Plan Benefits</td>
<td>4</td>
</tr>
<tr>
<td>Statements of Changes in Accumulated Plan Benefits</td>
<td>5</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>6 - 10</td>
</tr>
</tbody>
</table>
INDEPENDENT ACCOUNTANTS’ REVIEW REPORT

To the Trustees of
Benefit Trust for Non-Incarnated Priests Duly Assigned
for Service in the Archdiocese of Boston:

We have reviewed the accompanying statements of net assets available for benefits and of accumulated plan benefits of Benefit Trust for Non-Incarnated Priests Duly Assigned for Service in the Archdiocese of Boston (the Trust) as of June 30, 2014 and 2013, and the related statements of changes in net assets available for benefits and of changes in accumulated plan benefits for the years then ended. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of the Trust’s 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 conformity with accounting principles generally accepted in the United States of America.

Alexander, Aronson, Finning & Co., P.C.
Boston, Massachusetts
November 20, 2014
<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$103,660</td>
<td>$16,326</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>451,616</td>
<td>703,125</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>91,446</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid expense</td>
<td>7,716</td>
<td>6,238</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>654,438</td>
<td>725,689</td>
</tr>
<tr>
<td><strong>LIABILITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits payable</td>
<td>8,100</td>
<td>8,085</td>
</tr>
<tr>
<td><strong>NET ASSETS AVAILABLE FOR BENEFITS</strong></td>
<td>$646,338</td>
<td>$717,604</td>
</tr>
</tbody>
</table>

See accompanying notes and independent accountants' review report.
BENEFIT TRUST FOR NON-INCARDINATED PRIESTS DULY ASSIGNED FOR SERVICE
IN THE ARCHDIOCESE OF BOSTON
Statements of Changes in Net Assets Available for Benefits
For the Years Ended June 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ADDITIONS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 91,446</td>
<td>$ -</td>
</tr>
<tr>
<td>Interest income</td>
<td>2,396</td>
<td>3,902</td>
</tr>
<tr>
<td><strong>Total additions</strong></td>
<td>93,842</td>
<td>3,902</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DEDUCTIONS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement - priests</td>
<td>105,022</td>
<td>97,030</td>
</tr>
<tr>
<td>Health insurance</td>
<td>22,522</td>
<td>18,960</td>
</tr>
<tr>
<td>Room and board</td>
<td>22,200</td>
<td>18,600</td>
</tr>
<tr>
<td>Professional fees</td>
<td>15,364</td>
<td>9,976</td>
</tr>
<tr>
<td><strong>Total deductions</strong></td>
<td>165,108</td>
<td>144,566</td>
</tr>
</tbody>
</table>

Net decrease in net assets available for benefits

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET ASSETS AVAILABLE FOR BENEFITS,</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>at beginning of year</td>
<td>717,604</td>
<td>858,268</td>
</tr>
<tr>
<td><strong>NET ASSETS AVAILABLE FOR BENEFITS,</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>at end of year</td>
<td>$ 646,338</td>
<td>$ 717,604</td>
</tr>
</tbody>
</table>

See accompanying notes and independent accountants' review report.
<table>
<thead>
<tr>
<th>ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS:</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retired and disabled participants currently receiving pension benefits</td>
<td>$1,409,931</td>
<td>$1,329,156</td>
</tr>
<tr>
<td>TOTAL ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS</td>
<td>$1,409,931</td>
<td>$1,329,156</td>
</tr>
</tbody>
</table>

See accompanying notes and independent accountants' review report.
## Changes in Accumulated Plan Benefits:

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Present Value of Accumulated Plan Benefits, at beginning of year</td>
<td>$1,329,156</td>
<td>$991,733</td>
</tr>
<tr>
<td>Increase during the year attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits accumulated</td>
<td>68,623</td>
<td>394,494</td>
</tr>
<tr>
<td>Increase for interest due to the decrease in the discount period</td>
<td>61,552</td>
<td>44,068</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(149,744)</td>
<td>(134,590)</td>
</tr>
<tr>
<td>Changes in plan provisions</td>
<td>42,156</td>
<td>-</td>
</tr>
<tr>
<td>Changes in assumptions</td>
<td>58,188</td>
<td>33,451</td>
</tr>
<tr>
<td>Net increase</td>
<td>80,775</td>
<td>337,423</td>
</tr>
<tr>
<td>Actuarial Present Value of Accumulated Plan Benefits, at end of year</td>
<td>$1,409,931</td>
<td>$1,329,156</td>
</tr>
</tbody>
</table>

See accompanying notes and independent accountants' review report.
BENEFIT TRUST FOR NON-INCARDINATED PRIESTS DULY ASSIGNED FOR SERVICE IN THE ARCHDIOCESE OF BOSTON
Notes to Financial Statements
June 30, 2014 and 2013

NOTE A – THE TRUST

The Benefit Trust for Non-Incardinated Priests Duly Assigned for Service in the Archdiocese of Boston (the “Trust”) was established for the purpose of providing discretionary benefits for covered priests, as directed by the Roman Catholic Archbishop of Boston. It is the intent of the Trust that all funds received and held by the Trustee shall be exclusively allocated for the support and well-being of priests who were not incardinated in the Roman Catholic Archdiocese of Boston, but who have been duly assigned by the Roman Catholic Archbishop of Boston for service within the Archdiocese of Boston. The Trust is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

General Description of Eligibility

The Trust is a noncontributory defined benefit pension plan which, prior to being frozen effective July 1, 2010, covered ordained priests who were not incardinated in the Roman Catholic Archdiocese of Boston, but who have been duly assigned by the Roman Catholic Archbishop of Boston for service within the Archdiocese of Boston for a minimum period of ten years, who are in good standing within the norms of canon law. Established on April 14, 1992, the Trust provides benefits for general, early, disability, and postponed retirement.

Retirement Benefits

The monthly retirement benefit available to a priest who retires at or after the normal retirement age of 70 includes a monthly stipend and room and board of $900 provided he has at least thirty years of service in the Roman Catholic Archdiocese of Boston. The benefit amount will be prorated for years of service less than thirty down to ten. The retirement benefit may be increased at the discretion of the Trustee. A priest who has attained at least age 65 may, with the permission of the Roman Catholic Archbishop of Boston, retire early and receive a retirement pension. Any priest who becomes totally and permanently disabled qualifies for his retirement benefit. At the discretion of the Trustee, the retirement benefit may include certain health benefits. Effective July 1, 2010, the accrual of benefits under the Trust were frozen.

Plan Funding

Effective July 1, 2010, a priest incardinated in a diocese or religious order other than the Roman Catholic Archdiocese of Boston (“non-incardinated priest(s)”) who did not, as of such date, have at least 10 years of service in the Archdiocese of Boston, is not entitled to health benefits or a pension from the Roman Catholic Archdiocese of Boston regardless of the years he is present or assigned. Rather, his own superior must make suitable provision for his pension and health benefits under the terms of this policy.

Any non-incardinated priest receiving a pension or entitled to receive a pension from the Roman Catholic Archdiocese of Boston by virtue of having served in the Archdiocese of Boston for at least 10 years, as of July 1, 2010 will be paid under the terms of the Trust and Plan documents for Non-Incardinated Priests dated April 14, 1992, and frozen, effective July 1, 2010.
NOTE A – THE TRUST (Continued)

Plan Funding (Continued)

The primary source of funding for the Trust was from contributions, principally from special collections from parishes in the Archdiocese of Boston. These collections were held in the Archdiocese of Boston Clergy Benefit Funding Trust, a related depository trust. Funds were transferred to the Trust periodically at the request of the Trustee, subject to the approval of the Trustees of the Archdiocese of Boston Clergy Benefit Funding Trust.

During fiscal year 2014, $91,466 was transferred to the Trust, at the request of the Archbishop, acting as the Trustee of the Trust, from the Archdiocese of Boston Clergy Benefit Funding Trust, to assist in future funding of the Trust’s obligations. These funds represent general gifts and donations remitted from parishioners of a parish that had a non-incardinated priest duly assigned as the pastor as of June 30, 2014.

Plan Expenses

Fees related to the administration of the Trust are generally paid by the Trust.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Accounting 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 and liabilities, benefit obligation and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Trust deposits its cash and cash equivalents in major financial institutions, which are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to $250,000. At June 30, 2014 and 2013, there were no amounts in excess. The Trust has not experienced any losses as a result of uninsured amounts.

Cash equivalents are short-term, highly liquid investments with original maturities of three months or less and are reported at cost, which approximates fair value.
NOTE B – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-Term Investments

Investments are carried at fair value using Level 1 inputs. Investments at June 30, 2014 and 2013, consist of certificates of deposit maturing in August, 2014, at an interest rate of 0.4% and August, 2013, at an interest rate of 0.5%, respectively. Investment transactions are accounted for as of the date the securities are purchased or sold (trade date). Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

Prepaid Expenses

Retirement benefit payments are withdrawn from the Trust’s operating cash account by the payroll provider on the last business day of the month in order to be available on the first of the following month for the priests. Included in prepaid expenses was $7,716 and $6,238 for retirement benefits prepaid at June 30, 2014 and 2013, respectively.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Income Taxes

The Trust is included in the annual United States Conference of Catholic Bishops’ Internal Revenue Service Group Ruling and is therefore exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The Trust follows 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 latest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Trust’s management has reviewed the tax positions for open periods and determined that no provision for income tax is required in the Trust’s financial statements.

Fair Value Measurements

The Trust follows the *Fair Value Measurements and Disclosures* standards. These standards define fair value, establish a framework for measuring fair value under U.S. GAAP, and mandate disclosures about fair value measurements. This policy establishes a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value.

The Trusts financial assets that are accounted for at fair value on a recurring basis as of June 30, 2014 and 2013, consisted of certificates of deposit (Level 1) with a value of $451,616 and $703,125, respectively.
NOTE B – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments that are expected to be paid under the Trust’s provisions to retired and active priests serving at least ten years.

The actuarial present value of accumulated plan benefits is determined by an actuary, and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuation are as follows at June 30:

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.3%</td>
</tr>
<tr>
<td>Investment return</td>
<td>1.0%</td>
</tr>
<tr>
<td>Mortality before and after retirement</td>
<td>2014 IRS Static Mortality Tables</td>
</tr>
<tr>
<td>Retirement age</td>
<td>72</td>
</tr>
<tr>
<td>Asset valuation</td>
<td>Market value</td>
</tr>
<tr>
<td>Retirement benefit</td>
<td>$900 pension payment per month</td>
</tr>
<tr>
<td>Cost of living adjustment</td>
<td>None assumed</td>
</tr>
<tr>
<td>Salary increases</td>
<td>None assumed</td>
</tr>
</tbody>
</table>

The foregoing actuarial assumptions are based on the presumption that the Trust was frozen effective July 1, 2010, and only those currently eligible to receive the pension benefit are included in the calculation.
NOTE C - FINANCIAL STATUS OF PLAN

A summary of the financial status of the Plan is as follows at June 30:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial present value of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated retirement pension benefits</td>
<td>$1,409,931</td>
<td>$1,329,156</td>
</tr>
<tr>
<td>Net assets available for benefits</td>
<td>646,338</td>
<td>717,604</td>
</tr>
<tr>
<td>Deficit of net asset available for benefits over actuarial present value of accumulated plan benefits</td>
<td>$(763,593)</td>
<td>$(611,552)</td>
</tr>
</tbody>
</table>

NOTE D - PLAN TERMINATION

The Trustees may completely or partially amend or terminate the Trust at any time after consulting the Trustee’s Advisory Committee. In the event that the Trust terminates, its funds are not to be used for any purpose other than the exclusive benefit of the participants and their beneficiaries.

Any excess funds remaining after all liabilities are satisfied would be distributed among eligible participants in an equitable manner as determined by the Trustees.

NOTE E - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 20, 2014, which is the date the financial statements were available to be issued. Other than the matters discussed above, there were no subsequent events that would require recognition or additional disclosure in the Trust’s financial statements.