

Financial Statements and Report of  
Independent Certified Public Accountants

**COMMON INVESTMENT FUND,  
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**

June 30, 2016

With attachment of financial statements  
of RCAB Collective Investment Partnership

**COMMON INVESTMENT FUND,  
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Trustees of  
**Common Investment Fund, Roman Catholic Archbishop of Boston**

We have audited the accompanying financial statements of Common Investment Fund, Roman Catholic Archbishop of Boston, which comprise the statement of net assets as of June 30, 2016, and the related statements of operations and changes in net assets for the year then ended, the financial highlights for each of the five years 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 Common Investment Fund, Roman Catholic Archbishop of Boston as of June 30, 2016 and the results of its operations and changes in its net assets for the year then ended, and its financial highlights for each of the five years then ended in accordance with accounting principles generally accepted in the United States of America.

*Grant Thornton LLP*

Boston, Massachusetts  
October 18, 2016

**COMMON INVESTMENT FUND,  
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**

**Financial Highlights**

(For a unit outstanding throughout the year)

For the five years ended June 30, 2016

	Year Ended June 30				
	2016 <sup>(1)</sup>	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>	2013 <sup>(1)</sup>	2012 <sup>(1)</sup>
Net asset value per unit - beginning of year	\$ 4.189	\$ 4.280	\$ 3.893	\$ 3.658	\$ 3.839
Investment operations					
Net investment income <sup>(2)</sup>	0.030	0.047	0.027	0.056	0.059
Net gain/(loss) on investments	<u>(0.216)</u>	<u>0.030</u>	<u>0.524</u>	<u>0.330</u>	<u>(0.094)</u>
Net increase/(decrease) from investment operations	(0.186)	0.077	0.551	0.386	(0.035)
Distributions from net investment income and capital gains	<u>(0.157)</u>	<u>(0.168)</u>	<u>(0.164)</u>	<u>(0.151)</u>	<u>(0.146)</u>
Net asset value per unit - end of year	<u>\$ 3.846</u>	<u>\$ 4.189</u>	<u>\$ 4.280</u>	<u>\$ 3.893</u>	<u>\$ 3.658</u>
Total return <sup>(3)(5)</sup>	<u>(4.44)%</u>	<u>1.80 %</u>	<u>14.15 %</u>	<u>10.56 %</u>	<u>(0.91)%</u>
Ratios/Supplemental Data <sup>(5)</sup>					
Net assets at end of year (in thousands)	\$ 280,336	\$ 304,717	\$ 312,167	\$ 259,179	\$ 245,053
Ratio of expenses to average net assets <sup>(4)(6)</sup>	<u>0.08 %</u>	<u>0.07 %</u>	<u>0.09 %</u>	<u>0.10 %</u>	<u>0.10 %</u>
Ratio of net investment income to average net assets <sup>(4)(6)</sup>	<u>0.78 %</u>	<u>1.11 %</u>	<u>0.67 %</u>	<u>1.46 %</u>	<u>1.61 %</u>
Ratio of net gains/(losses) on investments to average net assets <sup>(6)</sup>	<u>(5.54)%</u>	<u>0.74 %</u>	<u>12.59 %</u>	<u>8.56 %</u>	<u>(2.63)%</u>

(1) The per unit amounts and ratios which are shown reflect income and expenses, including the Fund's proportionate share of the RCAB Collective Investment Partnership's income and expenses.

(2) Net investment income per unit has been calculated using average units outstanding during the period.

(3) Total return represents the percentage increase or decrease of net asset value per unit at the end of the year over the net asset value per unit at the beginning of the year excluding distributions from net investment income and capital gains.

(4) Expenses do not include investment advisory and custodial fees incurred directly by the RCAB Collective Investment Partnership.

(5) An individual member's return and ratios may vary based on the timing of capital transactions.

(6) Average net assets were derived from the quarterly net assets of the Fund.

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

**COMMON INVESTMENT FUND,  
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**  
**Statement of Net Assets**  
**June 30, 2016**

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**ASSETS**

Investment in RCAB Collective Investment Partnership (“CIP”) at fair value (cost of \$138,968,910)	\$ 281,645,114
Cash and cash equivalents	121,994
Receivable from RCAB Collective Investment Partnership	<u>3,300,000</u>
Total assets	<u>285,067,108</u>

**LIABILITIES**

Dividend distribution payable to members	2,807,313
Subscriptions received in advance	65,128
Redemptions payable	<u>1,859,018</u>
Total liabilities	<u>4,731,459</u>
Net assets	<u>\$ 280,335,649</u>
Units outstanding at end of year	<u>72,896,503</u>
Net asset value per unit	<u>\$ 3.846</u>

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

**COMMON INVESTMENT FUND,  
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**  
Statement of Operations  
Year ended June 30, 2016

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INVESTMENT INCOME

Net investment income allocated from RCAB Collective

Investment Partnership	\$ 2,438,349
Interest	<u>397</u>

Total investment income	<u>2,438,746</u>
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EXPENSES

Related party service fees	198,779
Professional fees	<u>17,953</u>

Total expenses	216,732
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Net investment income	<u>2,222,014</u>
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NET REALIZED GAIN AND CHANGE IN UNREALIZED  
APPRECIATION ON INVESTMENT IN RCAB COLLECTIVE  
INVESTMENT PARTNERSHIP ("CIP")

Net realized gain allocated from CIP	3,985,894
Net change in unrealized appreciation on investments allocated from CIP	<u>(19,731,179)</u>

Net loss on investments	<u>(15,745,285)</u>
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Net decrease in net assets resulting from operations	<u>\$ (13,523,271)</u>
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*The accompanying notes are an integral part of these financial statements.*

**COMMON INVESTMENT FUND,  
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**  
Statement of Changes in Net Assets  
Year ended June 30, 2016

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Operations	
Net investment income	\$ 2,222,014
Net realized gain on investments	3,985,894
Net change in unrealized appreciation on investments	<u>(19,731,179)</u>
Net decrease in net assets resulting from operations	<u>(13,523,271)</u>
Capital transactions	
Distributions	
From net investment income	(2,221,756)
From accumulated capital gains	<u>(9,276,908)</u>
Total dividend distributions	<u>(11,498,664)</u>
Unit transactions	
Proceeds from unit subscriptions	8,413,988
Outflows from unit redemptions	<u>(7,773,708)</u>
Net increase in unit transactions	<u>640,280</u>
Net decrease in net assets resulting from capital transactions	<u>(10,858,384)</u>
Net decrease in net assets	(24,381,655)
Net assets at beginning of year	<u>304,717,304</u>
Net assets at end of year	<u>\$ 280,335,649</u>

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

**COMMON INVESTMENT FUND,  
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**  
**Notes to Financial Statements**  
**June 30, 2016**

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**1. ORGANIZATION AND INVESTMENT OBJECTIVE**

The Common Investment Fund, Roman Catholic Archbishop of Boston (the “Fund”), is a Massachusetts trust established in 1970 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 (the “Corporation Sole”) and related organizations who are exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

The Fund invests substantially all of its assets in RCAB Collective Investment Partnership (the “Partnership”), and reflects its proportionate interest in the net assets of the Partnership (57%) at June 30, 2016). The Partnership agreement remains in effect until July 1, 2044 but will be dissolved if there is only one remaining partner, or there is an election to dissolve the Partnership made by the majority of interest of the Partners.

The 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 Partnership, which has the same investment objective and policies as the Fund. The performance of the Fund is directly affected by the performance of the Partnership. The financial statements of the Partnership, including the summary schedule of investments, are included elsewhere in this report and should be read in conjunction with the Fund’s financial statements.

**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 an investment company and, accordingly, follows the Investment Company accounting and reporting guidance from the Financial Accounting Standards Board (“FASB”), which is part of U.S. GAAP.

In May 2015, FASB issued ASU 2015-07, Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent). ASU 2015-07 exempts investments measured using the net asset value (“NAV”) practical expedient in ASC 820, Fair Value Measurement, from categorization within the fair value hierarchy and related disclosures. Instead, entities are required to separately disclose the information required under ASC820 for assets measured using the NAV practical expedient. Entities are also required to show the carrying amount of investments measured using the NAV practical expedient as a reconciling item between the total amount of investments categorized within the fair value hierarchy and total investments measured at fair value on the face of the financial statements. The Partnership adopted this ASU within its fair value hierarchy disclosures in fiscal year 2016.

The significant accounting policies followed by the Fund are described below:

**Cash and Cash Equivalents**

Cash and cash equivalents held by the Fund represent cash and money market funds held directly by the Fund in accounts at banks or other financial institutions. 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

**COMMON INVESTMENT FUND,  
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**Notes to Financial Statements**  
**June 30, 2016**

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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.

**Investment in Collective Investment Partnership**

The Fund records its investment in the Partnership at the net asset value per unit on the valuation date. The Fund presents monthly its proportionate share of Partnership income, expenses, and realized and unrealized gains and losses. Investment securities held by the Partnership are recorded at fair value as indicated in the notes to its financial statements.

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 be realized 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.

**Subscriptions Received in Advance**

The Fund is able to invest in the Partnership on the first business day of a calendar month. When funds for investment are received from members in advance of that day, the amounts received are remitted to the Partnership and reported as funds advanced to RCAB Collective Investment Partnership.

**Realized Gains and Losses**

Realized gains and losses result from sales of Partnership units and from the Fund's recognition of its pro rata share of the Partnership's allocation of realized gains and losses

**Distributions to Members**

It is the Fund's policy to distribute to its members, on a quarterly basis, one percent of the net assets of the Fund as of the end of the first business day of the quarter.

**Subscriptions and Redemptions**

As a normal practice on the opening of business on the first day of each calendar month, units in the Fund may be purchased or redeemed at the net asset value 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 redemptions 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 net asset values, are reflected as redemptions payable. Redemption notices received for which the dollar amounts are not fixed or determinable remain in capital until the net asset value used to determine the redemption amounts are determined.

**Use of Estimates**

The preparation of financial statements in conformity with US 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. Actual results could differ from those estimates.

**COMMON INVESTMENT FUND,  
ROMAN CATHOLIC ARCHBISHOP OF BOSTON**  
**Notes to Financial Statements**  
**June 30, 2016**

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**3. FEES AND RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2016, the Fund incurred service fees from the the Roman Catholic Archbishop of Boston, A Corporation Sole, a related organization, in the amount of \$198,779. These service fees relate to administrative, accounting, technology and clerical services performed on behalf of the Fund.

**4. TAXES**

For tax purposes, the Fund has elected to be treated as a pass-through entity. The income or loss from the Fund is allocated to the members. The Fund recognizes 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 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Fund's management has reviewed the tax positions for open periods as applicable to the members, and has determined that no provision for income tax is required in the Fund's financial statements. Accordingly, no provision for income taxes is included in these financial statements.

**5. MEMBERS' UNITS**

The Fund's Trust Agreement authorizes the issuance of an unlimited number of units. Transactions in units of the Fund were as follows for the year ended June 30, 2016:

<b>Units at beginning of year</b>	72,744,033
Units issued/subscribed	2,148,038
Units redeemed	<u>(1,995,568)</u>
<b>Units at end of year</b>	<u><u>72,896,503</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, dividend reinvestments and redemptions). Subscriptions and redemption requests made by members prior to July 1, 2016 to be invested/withdrawn on July 1, 2016 are reflected as subscriptions received in advance and redemptions payable in the accompanying statement of net assets.

**6. SUBSEQUENT EVENTS**

In connection with the preparation of these financial statements, the Fund has evaluated events and transactions through October 18, 2016, which is the date the financial statements were available for issuance.

For the period July 1, 2016 through October 18, 2016, subscriptions to the Fund totaled approximately \$3,100,000 and redemptions from the Fund of approximately \$5,700,000.