ROMAN CATHOLIC ARCHDIOCESE OF BOSTON
TRANSITION ASSISTANCE PROGRAM

FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
TOGETHER WITH
INDEPENDENT AUDITOR’S REPORT
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of benefit obligations and net assets available for benefits of Roman Catholic Archdiocese of Boston Transition Assistance Program (the Plan) as of June 30, 2012 and 2011, and the related statements of changes in benefit obligations and changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan’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 Roman Catholic Archdiocese of Boston Transition Assistance Program as of June 30, 2012 and 2011, and the changes in financial status for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Alexander, Aronson, Finning & Co., P.C.
Wellesley, Massachusetts
December 12, 2012
ROMAN CATHOLIC ARCHDIOCESE OF BOSTON TRANSITION ASSISTANCE PROGRAM
Statements of Benefit Obligations and Net Assets Available for Benefits
June 30, 2012 and 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENEFIT OBLIGATIONS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claims payable</td>
<td>$ 173,547</td>
<td>$ 183,435</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NET ASSETS AVAILABLE FOR BENEFITS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASSETS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,062,589</td>
<td>2,783,180</td>
</tr>
<tr>
<td>Investments at fair value</td>
<td>1,214,697</td>
<td>-</td>
</tr>
<tr>
<td>Interest and dividends receivable</td>
<td>12,671</td>
<td>-</td>
</tr>
<tr>
<td>Total assets</td>
<td>2,289,957</td>
<td>2,783,180</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIABILITIES:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>7,000</td>
<td>8,159</td>
</tr>
<tr>
<td>Net assets available for benefits</td>
<td>2,282,957</td>
<td>2,775,021</td>
</tr>
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EXCESS OF NET ASSETS AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 2,109,410</td>
<td>$ 2,591,586</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these statements.*
NET DECREASE IN BENEFIT OBLIGATIONS:
Claims payable
\[ \text{2012} = -$483 \quad \text{2011} = -$3,386 \]

NET INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS:

ADDITIONS TO NET ASSETS:
Participating employer contributions
\[ \text{2012} = 1,400 \quad \text{2011} = 2,501,200 \]
Interest and dividend income
\[ \text{2012} = 52,278 \quad \text{2011} = 1,472 \]
Total additions
\[ \text{2012} = 53,678 \quad \text{2011} = 2,502,672 \]

DEDUCTIONS FROM NET ASSETS:
Claims
\[ \text{2012} = 398,830 \quad \text{2011} = 942,272 \]
General and administrative expenses:
Administration - Roman Catholic Archbishop of Boston, A Corporation Sole
\[ \text{2012} = 58,338 \quad \text{2011} = 55,869 \]
Office and other administrative expenses
\[ \text{2012} = 8,678 \quad \text{2011} = 16,184 \]
Total general and administrative expenses
\[ \text{2012} = 67,016 \quad \text{2011} = 72,053 \]
Net depreciation in fair value of investments
\[ \text{2012} = 70,491 \quad \text{2011} = - \]
Total deductions
\[ \text{2012} = 536,337 \quad \text{2011} = 1,014,325 \]
Net increase (decrease) in net assets available for benefits over benefit obligations
\[ \text{2012} = -(482,176) \quad \text{2011} = 1,491,733 \]

EXCESS OF NET ASSETS AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS, beginning of year
\[ \text{2012} = 2,591,586 \quad \text{2011} = 1,099,853 \]

EXCESS OF NET ASSETS AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS, end of year
\[ \text{2012} = $2,109,410 \quad \text{2011} = $2,591,586 \]

The accompanying notes are an integral part of these statements.
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 to a maximum coverage of $653 and $625 (gross) per week as of June 30, 2012 and 2011, respectively. Benefits are payable for a maximum duration of 30 calendar weeks. Weekly maximum benefit amounts are adjusted annually to reflect the Massachusetts statutory unemployment maximum. Continued benefits are contingent upon proof of active job search.

Contributions

The Plan document provides that the participating employers make monthly contributions to the Plan of a specified amount based on the annual salaries of the eligible employees. No contributions were required in 2012 and 2011. The employers' contribution rate is determined annually by the Plan's Trustees. Contributions will be reinstated in 2013.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Plan 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.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
NOTE B - 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 includes 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 includes 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, which are not insured. The Plan has not experienced any losses in such accounts. The Plan believes it is not exposed to any significant credit risk on cash equivalents.

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 obligation and changes in net assets available for benefits as realized and unrealized gain (loss) on investments.

Investments represent the Plan’s unit holdings in the Common Investment Fund, Roman Catholic Archbishop of Boston (the “Common Investment Fund”), a separate related organization 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 either directly or indirectly though mutual funds, private investment entities, and money market funds.

The fair value of the Investment Partnership’s investments in actively traded domestic securities is determined by State Street Corporation, which obtains bid price quotation from independent pricing services on most securities. Investments in traded foreign securities are valued by State Street Corporation at the mean between bid and asked prices.

For those securities whose prices are not available through independent pricing services, bid price quotations are obtained by State Street Corporation from principal 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 by the managers of these entities.

Interest income is recorded on the accrual basis. Net appreciation (depreciation) in fair value of investments includes realized and unrealized gains and losses.
NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

**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 this plan.

**Income Recognition**

Income is recorded on the accrual basis.

**Subsequent Events**

Subsequent events have been evaluated through December 12, 2012, 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.

**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 (IRC). 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.

**Fair Value Measurements**

The Plan has adopted the criteria for the *Fair Value Measurements* standard. This standard defines fair value, establishes a framework for measuring fair value under U.S. GAAP, and mandates disclosures about fair value measurements. The criterion establishes a fair value framework that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value framework are described as follows:

- Level 1 – Valuations based on quoted prices available in active markets for identical assets and liabilities.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable either directly or indirectly for the asset or liability.
- Level 3 – Valuations based on inputs that are unobservable and significant to the over all fair value measurement for the assets or liabilities.
NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

A qualifying asset or liability’s level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The methods used for valuing the assets and liabilities are not necessarily an indication of the risks associated with those assets.

The Plan’s unit holdings in the Partnership (see Note C) 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 per share at June 30, 2012. These assets are valued using Level 2 inputs under the fair value hierarchy. The Plan evaluates the Partnership’s estimate of the fair value of the Plan’s unit holdings in the Partnership based on the Plan’s share of the underlying investment portfolio that consists of actively traded equities, bonds and money market funds.

NOTE C - INVESTMENTS

Investments consisted of the Plan’s interest in the Common Investment Fund, which consist of the following cost and fair market value at June 30, 2012:

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Market Value</th>
<th>Appreciation (Depreciation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roman Catholic Archbishop of Boston Common Investment Fund</td>
<td>$1,285,188</td>
<td>$1,214,697</td>
<td>$(70,491)</td>
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</tbody>
</table>

The plan did not have any investments for the year ended 6/30/11.

NOTE D - CONTRIBUTIONS

In June, 2011, the Plan received $2,501,200 in contributions from participating employers in an effort to provide funding for future claims. The $2,501,200 represents a portion of the refunds issued to participating employers of the Roman Catholic Archdiocese of Boston Life Insurance and Long-Term Disability Plans.

NOTE E - 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 fees charged for the years ended June 30, 2012 and 2011, were approximately $58,300 and $55,900, respectively.
NOTE F - 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.

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 - OTHER MATTERS

The Trust was established under the Plan to hold the Plan’s assets to qualify pursuant to Section 501(c) (9) IRC and, accordingly, the Trust’s net investment income is exempt from income taxes. The Trust has obtained a favorable tax determination from the Internal Revenue Service, and the Plan sponsor believes that the Trust continues to qualify and to operate in accordance with applicable provisions of the IRC. Therefore, no provisions for income taxes have been included in the accompanying financial statements.