

Financial Statements and Report of Independent
Certified Public Accountants

Archdiocese of Boston Clergy Benefit Trust

June 30, 2009

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Grant Thornton

Report of Independent Certified Public Accountants

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To the Trustee
Roman Catholic Archdiocese of Boston Clergy Benefit Trust

We have audited the accompanying statements of benefit obligations and net assets available for benefits of the Archdiocese of Boston Clergy Benefit Trust (the "Trust") as of June 30, 2009, and the related statements of changes in benefit obligations and net assets available for benefits for the year 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 audit. The financial statements of the Archdiocese of Boston Benefit Trust as of June 30, 2008 and for the year ended June 30, 2008 were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated January 7, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. 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 also includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. 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 evaluation the overall financial statement presentation. We believe that our audit provides 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, 2009, and the changes in its financial status for the year ended June 30, 2009, in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Boston, Massachusetts
July 1, 2010

ARCHDIOCESE OF BOSTON CLERGY BENEFIT TRUST
 Statements of Benefit Obligations and Net Assets Available for Benefits
 June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
BENEFIT OBLIGATIONS		
Claims payable	\$ <u>25,237</u>	\$ <u>5,433</u>
TOTAL BENEFIT OBLIGATIONS	<u>25,237</u>	<u>5,433</u>
NET ASSETS AVAILABLE FOR BENEFITS		
Assets		
Investments, at fair value		
Roman Catholic Archbishop of Boston:		
Common Investment Fund	\$ 447,579	\$ 525,830
Fixed Income Investment Fund	783,179	782,017
	<u>1,230,758</u>	<u>1,307,847</u>
Cash and cash equivalents	5,641,562	1,518,836
Accounts receivable	371,025	14,557
Accrued dividends receivable	4,112	11,510
Prepaid expenses	<u>9,000</u>	<u>-</u>
TOTAL ASSETS	<u>7,256,457</u>	<u>2,852,750</u>
Liabilities		
Accounts payable	102,432	5,244
Deferred revenue	<u>15,000</u>	<u>-</u>
TOTAL LIABILITIES	<u>117,432</u>	<u>5,244</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>7,139,025</u>	<u>2,847,506</u>
EXCESS OF NET ASSETS AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS	<u>\$ 7,113,788</u>	<u>\$ 2,842,073</u>

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

ARCHDIOCESE OF BOSTON CLERGY BENEFIT TRUST

Statements of Changes in Benefit Obligations and Net Assets Available for Benefits
 Years ended June 30, 2009 and 2008

	2009	2008
NET INCREASE IN BENEFIT OBLIGATIONS		
Increase (decrease) during the year attributable to:		
Claims reported and approved	\$ 1,968,491	\$ 3,211,581
Claims paid	<u>(1,948,687)</u>	<u>(3,209,697)</u>
NET INCREASE IN BENEFIT OBLIGATIONS	<u>19,804</u>	<u>1,884</u>
NET INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS		
ADDITIONS		
Investment income:		
Net depreciation in fair value of investments	\$ (77,090)	\$ (235,950)
Interest and dividends	<u>48,658</u>	<u>148,660</u>
Net loss on investments	<u>(28,432)</u>	<u>(87,290)</u>
Collections from parishes	6,785,177	5,398,506
Gifts and bequests	123,229	14,414
Other	<u>43,733</u>	<u>-</u>
TOTAL ADDITIONS	<u>6,923,707</u>	<u>5,325,630</u>
DEDUCTIONS:		
Benefits:		
Support to Archdiocese of Boston Clergy Medical/Hospitalization Plan	100,000	300,000
Support to Archdiocese of Boston Non-Incardinated Priests Duly Assigned for Service	225,000	-
Supplementary benefits	179,791	1,408,973
Medex benefits	161,488	280,346
Sick leave benefits	273,512	247,500
Room and board	223,100	191,117
Health insurance	639,746	589,837
Other benefits	38,083	90,987
Support of senior priests	<u>107,967</u>	<u>100,937</u>
	<u>1,948,687</u>	<u>3,209,697</u>
Administration:		
Service fees	235,790	81,509
Contract services	382,542	9,008
Other administrative expenses	<u>65,169</u>	<u>24,121</u>
	<u>683,501</u>	<u>114,638</u>
TOTAL DEDUCTIONS	<u>2,632,188</u>	<u>3,324,335</u>
NET INCREASE	<u>4,291,519</u>	<u>2,001,295</u>
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	<u>2,847,506</u>	<u>4,346,211</u>
TRANSFER TO ARCHDIOCESE OF BOSTON CLERGY RETIREMENT/ DISABILITY PLAN	<u>-</u>	<u>(3,500,000)</u>
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	<u>\$ 7,139,025</u>	<u>\$ 2,847,506</u>

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

ARCHDIOCESE OF BOSTON CLERGY BENEFIT TRUST

Notes to Financial Statements

June 30, 2009

NOTE A – 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 and the Archdiocese of Boston Clergy Retirement/Disability Plan. The Trust also funds the retirement benefits of 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 D). 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 and emergency response. Effective July 1, 2008, the Trust terminated benefits for the priests who have been accused of misconduct. The Trust is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Benefits

The Plan pays substantially all benefits for priests who are currently on health leave and emergency response. Additional benefits include support for the well being of priests incardinated in the Roman Catholic Archdiocese of Boston at the discretion of the Trustee.

Right to Terminate

The Trustees may completely or partially amend or terminate the Trust at any time after consulting the Trustee’s Advisory Committee. Although it has not expressed any intention to do so, in the event that the Trust terminates, its funds are not to revert to the participating employers or 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 shall be paid over to such trustee as the Archbishop shall designate to the Trustee, exclusively for the benefit of priests incardinated in the Archdiocese of Boston.

NOTE B - 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. Accounting estimates for the Trust include the fair value of investments.

ARCHDIOCESE OF BOSTON CLERGY BENEFIT TRUST

Notes to Financial Statements - Continued

June 30, 2009

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Collections

Collections represent contributions received by Archdiocesan parishes for the support for the benefit of priests incardinated in the Roman Catholic Archdiocese of Boston. These funds are recognized in the statement of changes in benefit obligations and net assets available for benefits as the respective parishes receive the contributions.

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 \$250,000. At times, such cash is in excess of FDIC insured limits. There are \$5,391,562 uninsured cash deposits at June 30, 2009 and no uninsured cash deposits at June 30, 2008. Cash equivalents consist of investments in uninsured money market mutual funds approximating \$5,214,660 and \$1,475,000 at June 30, 2009, and June 30, 2008, respectively. The Trust has not experienced any losses as a result of uninsured amounts.

Investments

Investments are carried at fair value. Changes in fair values are reflected in the statements of changes in net assets available for benefits as gains or losses on investments.

Included in investments are holdings in the Common Investment Fund, Roman Catholic Archbishop of Boston (the “Common Investment Fund”) and the Fixed Income Investment Fund, Roman Catholic Archbishop of Boston (the “Fixed Income Fund”). Both are related organizations established to provide a common investment pool in which the Corporation Sole and other Catholic organizations may participate. The participants own units based upon a per-unit value at the time of purchase.

The Common Investment Fund invests all of its funds in the Collective Investment Partnership, Roman Catholic Archbishop of Boston (the “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 through mutual funds and private investment entities.

The fair value of the Partnership’s investments in domestic and foreign securities listed on securities exchanges is valued at the last sale price. For those securities whose prices are not available through independent pricing services, bid price quotations are obtained by the investment custodian from principal market makers in those securities or at fair value as determined in good faith by investment managers. Securities whose prices are not available through independent pricing services are recorded at fair value based on the net asset value per share as reported by the sponsoring entity.

Securities Transactions and Investment Income

Securities transactions are recorded on a trade date basis. Realized gains and losses from securities are calculated using an average cost basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

ARCHDIOCESE OF BOSTON CLERGY BENEFIT TRUST

Notes to Financial Statements - Continued

June 30, 2009

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fundraising

During the year ended June 30, 2009 the Trust incurred \$244,000 in fundraising expense as part of an initiative to increase collections.

NOTE C – INVESTMENTS

Investments consist of the following at June 30:

	<u>2009</u>	<u>2008</u>
Common Investment Fund	\$ 447,579	\$ 525,830
Fixed Income Investment Fund	<u>783,179</u>	<u>782,017</u>
	<u>\$ 1,230,758</u>	<u>\$ 1,307,847</u>

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

	<u>2009</u>	<u>2008</u>
Common Investment Fund	\$ (78,252)	\$ (58,469)
Fixed Income Investment Fund	<u>1,162</u>	<u>(177,481)</u>
	<u>\$ (77,090)</u>	<u>\$ (235,950)</u>

The Common Investment Fund (a partner in the RCAB Collective Investment Partnership) 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 \$29,307 and \$51,134 during the years ended June 30, 2009 and 2008, respectively.

NOTE D – 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, the Archdiocese of Boston Clergy Medical/Hospitalization Plan, to fund these medical claims. Such support totaled \$100,000 in unrestricted funds in 2009 and \$300,000 in 2008. Funds are transferred to the Plan periodically at the direction of the Trustee. As of June 30, 2009, the net assets available for benefits over benefit obligations of the Archdiocese of Boston Clergy Medical/Hospitalization Plan are (\$414,885).

ARCHDIOCESE OF BOSTON CLERGY BENEFIT TRUST

Notes to Financial Statements - Continued
June 30, 2009

NOTE D – RELATED PARTY TRANSACTIONS - Continued

During the year ended June 30, 2009, the Trust transferred \$225,000 in unrestricted funds to the Archdiocese of Boston Benefit Trust for Non-Incardinated Priests Duly Assigned for Service in the Archdiocese of Boston, a related plan, to assist in funding that Trust's obligations. Funds are transferred to the Plan periodically at the direction of the Trustee. No funds were transferred during fiscal year 2008.

Also, during the year ended June 30, 2008, the Trust transferred \$3.5 million, in unrestricted funds to the Archdiocese of Boston Clergy Retirement/Disability Plan, a related plan, to assist in funding that plan's obligations. Funds are transferred to the Plan periodically at the direction of the Trustee. As of June 30, 2009, the net assets available for benefits of the Archdiocese of Boston Clergy Retirement/Disability Plan are \$30 million and accumulated pension plan and other post retirement benefit obligations are \$124.9 million.

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, 2009 and 2008 were approximately \$119,057 and \$72,500, respectively.

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 \$639,746 and \$589,837 for the years ended June 30, 2009 and 2008, respectively.

NOTE E – FAIR VALUE MEASUREMENTS

The Plan adopted Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 157, "*Fair Value Measurements*" (SFAS 157) effective July 1, 2008. SFAS 157 establishes a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value, giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under SFAS 157 are described below:

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 overall fair value measurement for the asset or liability.

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.

ARCHDIOCESE OF BOSTON CLERGY BENEFIT TRUST

Notes to Financial Statements - Continued

June 30, 2009

NOTE E – FAIR VALUE MEASUREMENTS - Continued

Investments

The Plan investments in the Common Investment Fund and the Fixed Income Fund do not have quoted prices in active markets or significant other observable inputs that have quoted market prices. The Plan estimates the fair value of its unit holdings in the Common Investment Fund and Fixed Income Fund based on the Plan's share of the underlying investment portfolio that consists of actively traded equities, bonds and money market funds, as well as private investment entities. The Plan can redeem its investment in the Common Investment Fund and the Fixed Income Fund at the net asset value per share at June 30, 2009. These investments are classified as being valued based on Level 2 inputs under the fair value hierarchy following the 2009-12 FASB Accounting Standards Update which the Plan early adopted.

The Plan's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2009, by level within the fair value hierarchy are presented in the table below (\$000's). Financial assets and liabilities measured at fair value on a non-recurring basis are excluded from the table.

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Balance as of June 30, 2009
Assets				
Investments	\$ -	\$ 1,230,758	\$ -	\$ 1,230,758
Total Assets	\$ -	\$ 1,230,758	\$ -	\$ 1,230,758

NOTE F – 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 B), 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 C.

NOTE G – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities (see note C). Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

ARCHDIOCESE OF BOSTON CLERGY BENEFIT TRUST

Notes to Financial Statements - Continued

June 30, 2009

NOTE H - SUBSEQUENT EVENTS

The Trustee of the Plan is considering changes to certain aspects of the Plan related to the structure of the Trust assets. At this time, no final decisions have been reached.

The Plan adopted FAS No. 165, "Subsequent Events" (FAS 165) as of June 30, 2009. FAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In connection with the preparation of these financial statements, the Plan, has evaluated events and transactions through July 1, 2010, which is the date the financial statements were available for issuance.

OTHER FINANCIAL INFORMATION

**Report of Independent Certified Public Accountants
on Supplemental Information**

To the Trustee
Roman Catholic Archdiocese of Boston Clergy Benefit Trust

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of other benefits and administrative expenses (the schedule) for the years ended June 30, 2009 and 2008 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule for the year ended June 30, 2009 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The financial statements of the Archdiocese of Boston Benefit Trust for the year ended June 30, 2008 were audited by other auditors whose report dated January 7, 2009, stated that the schedule for the year ended June 30, 2008 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Grant Thornton LLP

Boston, Massachusetts
July 1, 2010

ARCHDIOCESE OF BOSTON CLERGY BENEFIT TRUST

Schedules of Other Benefits and Administrative Expenses

Years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
OTHER BENEFITS		
Non-plan payments	\$ 12,878	\$ 19,349
Retreats	12,520	18,025
Clergy, automobile insurance reimbursement	685	6,427
Funeral benefits	<u>12,000</u>	<u>47,186</u>
TOTAL OTHER BENEFITS	\$ <u>38,083</u>	\$ <u>90,987</u>
OTHER ADMINISTRATIVE EXPENSES		
Clergy transportation	\$ 10,860	\$ 10,774
Printing	28,973	4,144
Office supplies	1,182	2,632
Postage	12,292	1,747
Conferences and meetings	3,607	4,824
Bank service charges	150	-
Miscellaneous	<u>8,105</u>	<u>-</u>
TOTAL OTHER ADMINISTRATIVE EXPENSES	\$ <u>65,169</u>	\$ <u>24,121</u>

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