

Financial Statements and Report of Independent
Certified Public Accountants

**Archdiocese of Boston Clergy
Medical/Hospitalization Plan**

June 30, 2009

Contents

	Page
Report of Independent Certified Public Accountants	3
Financial Statements:	
Statements of Benefit Obligations and Net Assets Available for Benefits	4
Statements of Changes in Benefit Obligations and Net Assets Available for Benefits	5
Notes to Financial Statements	6



Report of Independent Certified Public Accountants

Audit • Tax • Advisory

Grant Thornton LLP
226 Causeway Street, 6th Floor
Boston, MA 02114-2155

T 617.723.7900
F 617.723.3640
www.GrantThornton.com

To the Trustee
Roman Catholic Archdiocese of Boston Clergy Medical/Hospitalization Plan

We have audited the accompanying statements of benefit obligations and net assets available for benefits of the Archdiocese of Boston Clergy Medical/Hospitalization Plan (the "Plan") 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 Plan'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 Medical/Hospitalization Plan 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 Medical/Hospitalization Plan 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 MEDICAL/HOSPITALIZATION PLAN
 Statements of Benefit Obligations and Net Assets Available for Benefits
 Years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
BENEFIT OBLIGATIONS		
Claims payable and estimated claims incurred but not yet reported	\$ <u>716,791</u>	\$ <u>787,396</u>
TOTAL BENEFIT OBLIGATIONS	716,791	787,396
NET ASSETS AVAILABLE FOR BENEFITS		
Assets		
Cash and cash equivalents	108,354	501,352
Assessments receivable from participating entities, less allowance for uncollectibles of \$123,770 in 2009 and \$126,298 in 2008	82,193	79,075
Accounts receivable	<u>111,359</u>	<u>93,390</u>
Total assets	<u>301,906</u>	<u>673,817</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>301,906</u>	<u>673,817</u>
DEFICIENCY IN NET ASSETS AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS	<u>\$ (414,885)</u>	<u>\$ (113,579)</u>

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

ARCHDIOCESE OF BOSTON CLERGY MEDICAL/HOSPITALIZATION PLAN
 Statements of Changes in Benefit Obligations and Net Assets Available for Benefits
 Years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
NET (DECREASE) INCREASE IN BENEFIT OBLIGATIONS		
Increase (decrease) during the year attributable to:		
Claims reported and approved and claims incurred but not yet reported	\$ 6,954,221	\$ 5,981,507
Claims paid	<u>(7,024,826)</u>	<u>(5,944,703)</u>
NET (DECREASE) INCREASE IN BENEFIT OBLIGATIONS	(70,605)	36,804
NET (DECREASE) INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS		
ADDITIONS		
Assessments to participating entities	6,870,890	6,049,274
Support from Archdiocese of Boston Clergy Benefit Trust	100,000	300,000
Gifts and bequests	4,676	-
Interest income	8,046	11,407
Miscellaneous income	11,266	-
Medicare reimbursement	<u>67,355</u>	<u>98,766</u>
TOTAL ADDITIONS	7,062,233	6,459,447
DEDUCTIONS		
Claims paid	7,024,826	5,944,703
Service fees	191,623	165,314
Plan administrator fees	206,513	199,858
Professional fees	10,000	9,034
Provision for uncollectible assessments	(2,528)	(105,405)
Other expenses	<u>3,710</u>	<u>342</u>
TOTAL DEDUCTIONS	7,434,144	6,213,846
NET (DECREASE) INCREASE	(371,911)	245,601
(DECREASE) INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS	(301,306)	208,797
DEFICIENCY IN NET ASSETS AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS:		
BEGINNING OF YEAR	<u>(113,579)</u>	<u>(322,376)</u>
END OF YEAR	<u>\$ (414,885)</u>	<u>\$ (113,579)</u>

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

NOTE A - DESCRIPTION OF PLAN

The following brief description of the Archdiocese of Boston Clergy Medical/Hospitalization Plan is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

General

The Archdiocese of Boston Clergy Medical/Hospitalization Plan (the "Plan") was established to provide certain medical and/or hospitalization coverage to incardinated priests of the Roman Catholic Archdiocese of Boston. The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Assessments and Plan Funding

The Plan charges assessments to parishes and other Catholic organizations within the Archdiocese of Boston, served by priests, for medical and hospitalization coverage. The annual assessments are calculated based on the prior year's claims paid and the total number of priests. The Plan also receives funding from the Archdiocese of Boston Clergy Benefit Trust, a related Trust, to cover claim expenses that exceed assessments received. The source of funding for excess medical and hospitalization benefits is from contributions, principally from special collections from parishes in the Archdiocese of Boston. The funds collected are held in the Archdiocese of Boston Clergy Benefit Trust, a related depository trust. Funds are transferred to the Plan at the discretion of the Trustee. As of June 30, 2009, net assets of the Archdiocese of Boston Clergy Benefit Trust were \$6.7 million. Subsequent to June 30, 2009, the Plan received \$500,000 in funding from the Archdiocese of Boston Clergy Benefit Trust.

Benefits

The Plan pays substantially all medical and hospitalization expenses of incardinated priests of the Roman Catholic Archdiocese of Boston.

Right to Terminate

The Trustees may completely or partially amend or terminate the Plan 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 Plan 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.

Basis of Accounting

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

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Plan 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 no uninsured cash deposits at June 30, 2009. Cash equivalents consist of uninsured money market mutual funds approximating \$2,750 at June 30, 2009. The Plan has not experienced any losses as a result of uninsured amounts.

Assessments Receivable

Assessments receivable are stated net of an allowance for uncollectible accounts, which is reported on the face of the Plan's statement of benefit obligations and net assets available for benefits. The allowance is established via a provision for uncollectible assessments charged to operations. On a periodic basis, management evaluates its assessments receivable and establishes or adjusts its allowance to an amount that it believes will be adequate to absorb possible losses on accounts that may become uncollectible, based on a formula applied to the outstanding balances. Accounts are charged against the allowance when management believes that the collectability of the specific account is unlikely.

Benefit Obligations

Benefit obligations consist of medical and dental claims payable. Plan obligations as of the fiscal year-end for health claims incurred by participants but not reported at that date, are estimated by management. Such estimated amounts are reported in the accompanying statement of the plan's benefit obligations.

Use of 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 the reported amounts and disclosures of assets, liabilities, benefit obligations and changes during the reported period. Actual results could differ from those estimates. As discussed above, key estimates include the allowance for uncollectible assessments and health claims incurred by participants but not yet reported as of June 30, 2009.

NOTE C - RELATED PARTY TRANSACTIONS

The Plan receives funding from the Archdiocese of Boston Clergy Benefit Trust, a related Trust, to cover claim expenses that exceed assessments received. During the year ended June 30, 2009, \$100,000 in unrestricted funding was received. During the year ended June 30, 2008, \$300,000 in unrestricted funding was received.

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, 2009 and 2008 were approximately \$192,000 and \$165,000 respectively.

ARCHDIOCESE OF BOSTON CLERGY MEDICAL/HOSPITALIZATION PLAN

Notes to Financial Statements - Continued

June 30, 2009

NOTE D - 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 (note B) and assessments receivable from participating parishes and other Catholic organizations (served by priests) within the Archdiocese of Boston, which are periodically evaluated for their collectability. Approximately \$2.6 million (37%) and \$2.4 million (40%) of assessment revenue recognized by the Plan during 2009 and 2008, respectively, represent assessments for retired priests which are charged to the Archdiocese of Boston Clergy Benefit Trust and the Archdiocese of Boston Clergy Retirement/Disability Plan

NOTE E - SUBSEQUENT EVENTS

The Trustee of the Plan is considering changes to certain aspects of the Plan related to the structure of the Trust assets and the related Plan benefits. 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.