

**Audited  
Financial Statements**

**Archdiocese of Boston  
Clergy Benefit Trust**

**June 30, 2008**

# Archdiocese of Boston Clergy Benefit Trust

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## Audited Financial Statements and Other Financial Information

June 30, 2008

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G.T. Reilly & Company  
Internationally,  
Moore Stephens Reilly, P.C.,  
Reilly Consulting Group, Inc.,  
ReillyTech  
Reilly Benefits  
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INDEPENDENT AUDITORS' REPORT

To the Trustee  
Archdiocese of Boston Clergy Benefit Trust

We have audited the accompanying statements of net assets available for benefits and of benefit obligations of the Archdiocese of Boston Clergy Benefit Trust as of June 30, 2008 and 2007, and the related statements of changes in net assets available for benefits and of changes in benefit obligations for the years 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 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 the Archdiocese of Boston Clergy Benefit Trust as of June 30, 2008 and 2007, and the changes in its financial status for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*G. T. Reilly & Company*

G. T. Reilly & Company

Milton, Massachusetts  
January 7, 2009

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# Archdiocese of Boston Clergy Benefit Trust

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## Statements of Net Assets Available for Benefits

June 30

	<u>2008</u>	<u>2007</u>
<b><u>Assets</u></b>		
Investments, at fair value (Notes 3, 6 & 7)		
Roman Catholic Archbishop of Boston:		
Common Investment Fund	\$ 525,830	\$ 584,300
Fixed Income Investment Fund	782,017	959,498
	<u>1,307,847</u>	<u>1,543,798</u>
Cash and cash equivalents	1,518,836	2,790,194
Accounts receivable	14,557	0
Accrued dividends receivable	11,510	17,334
	<u>2,852,750</u>	<u>4,351,326</u>
TOTAL ASSETS		
	<u>2,852,750</u>	<u>4,351,326</u>
<b><u>Liabilities</u></b>		
Accounts payable (Note 4)	<u>5,244</u>	<u>5,115</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b><u><u>\$ 2,847,506</u></u></b>	<b><u><u>\$ 4,346,211</u></u></b>

# Archdiocese of Boston Clergy Benefit Trust

## Statements of Changes in Net Assets Available for Benefits

Year Ended June 30

	<u>2008</u>	<u>2007</u>
ADDITIONS		
Investment income:		
Net (depreciation) appreciation in fair value of investments (Note 3)	\$ (235,950)	\$ 243,072
Dividends (Note 3)	51,134	145,093
Interest	97,526	168,894
	<u>(87,290)</u>	<u>557,059</u>
Collections from parishes	5,398,506	5,548,996
Gifts and bequests	14,414	281,000
Other	0	550
	<u>5,325,630</u>	<u>6,387,605</u>
TOTAL ADDITIONS		
DEDUCTIONS		
Benefits:		
Support to Archdiocese of Boston Clergy Medical/Hospitalization Plan (Note 4)	300,000	763,071
Supplementary benefits	1,408,973	1,222,702
Medex benefits	280,346	357,262
Sick leave benefits	247,500	113,961
Funeral benefits	47,186	18,298
Other benefits (Note 4)	824,755	806,163
Office for Senior Priests	100,937	88,288
	<u>3,209,697</u>	<u>3,369,745</u>
Administration:		
Service fees (Note 4)	81,509	118,169
Other administrative expenses	33,129	56,398
	<u>114,638</u>	<u>174,567</u>
TOTAL DEDUCTIONS	<u>3,324,335</u>	<u>3,544,312</u>
NET INCREASE	2,001,295	2,843,293
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	4,346,211	9,002,918
TRANSFER TO ARCHDIOCESE OF BOSTON CLERGY RETIREMENT/DISABILITY PLAN (Note 4)	<u>(3,500,000)</u>	<u>(7,500,000)</u>
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	<u>\$ 2,847,506</u>	<u>\$ 4,346,211</u>

# Archdiocese of Boston Clergy Benefit Trust

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## Statements of Benefit Obligations

Year Ended June 30

	<u>2008</u>	<u>2007</u>
<b>CURRENTLY PAYABLE BENEFIT OBLIGATIONS</b>		
Claims payable	\$ <u>5,433</u>	\$ <u>3,549</u>

# Archdiocese of Boston Clergy Benefit Trust

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## Statements of Changes in Benefit Obligations

Year Ended June 30

	<u>2008</u>	<u>2007</u>
<b>CURRENTLY PAYABLE BENEFIT OBLIGATIONS</b>		
Balance at beginning of year	\$ 3,549	\$ 12,118
Increase (decrease) during the year attributable to:		
Claims reported and approved	3,211,581	3,361,176
Claims paid	<u>(3,209,697)</u>	<u>(3,369,745)</u>
Balance at end of year	<u>\$ 5,433</u>	<u>\$ 3,549</u>

# Archdiocese of Boston Clergy Benefit Trust

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## Notes to Financial Statements

June 30, 2008

### Note 1 – 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, the Archdiocese of Boston Clergy Retirement/Disability Plan and 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 4). 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, emergency response and administrative leave. The Trust is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

### Note 2 - 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.

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 \$100,000. At times, such cash is in excess of FDIC insured limits. There are no uninsured cash deposits at June 30, 2008. Cash equivalents consist of investments in uninsured money market mutual funds approximating \$1,475,000 at June 30, 2008. The Trust has not experienced any losses as a result of uninsured amounts.

Valuation of Investments - The Trust invests in the Roman Catholic Archbishop of Boston Common Investment Fund, a partner in the Roman Catholic Archbishop of Boston Collective Investment Partnership (the "Partnership") and the Roman Catholic Archbishop of Boston Fixed Income Investment Fund. The Partnership and the Fixed Income Investment Fund invest in domestic securities, which are valued by obtaining bid price quotations from independent pricing services. Investments in foreign securities are valued at the mean between bid and asked price. For those securities whose prices are not available through independent pricing services, bid price quotations are obtained by the Custodian from principal market makers in those securities or at fair value as determined in good faith by management. Investments in private investment entities are recorded at fair value based on the net assets value per share as reported by such entities. The Trust's realized and unrealized gains and losses on investments are reflected in the statement of changes in net assets available for benefits.

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. The cost of bonds is adjusted for the amortization of premiums and accretion of discounts.

# Archdiocese of Boston Clergy Benefit Trust

## Notes to Financial Statements (Cont.)

June 30, 2008

### Note 3 - Investments

Investments consist of the following at June 30:

	2008		2007	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Roman Catholic Archbishop of Boston:				
Common Investment Fund	\$ 477,274	\$ 525,830	\$ 477,274	\$ 584,300
Fixed Income Investment Fund	<u>889,284</u>	<u>782,017</u>	<u>889,284</u>	<u>959,498</u>
	<u>\$1,366,558</u>	<u>\$1,307,847</u>	<u>\$1,366,558</u>	<u>\$1,543,798</u>

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

	<u>2008</u>	<u>2007</u>
Roman Catholic Archbishop of Boston:		
Common Investment Fund	\$ (58,469)	\$ 227,291
Fixed Income Investment Fund	<u>(177,481)</u>	<u>15,781</u>
	<u>\$ (235,950)</u>	<u>\$ 243,072</u>

The Common Investment Fund (a partner in the RCAB Collective Investment Partnership, an investment fund whose assets consist primarily of equity and fixed-income securities, investment grade debt and private investment entities) 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 \$51,134 and \$145,093 during the years ended June 30, 2008 and 2007, respectively.

### Note 4 - 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, Archdiocese of Boston Clergy Medical/Hospitalization Plan, to fund these medical claims. Such support totaled \$300,000 in unrestricted funds in 2008, and \$763,071 in 2007, which included \$163,071 in temporarily restricted net assets received during a prior year. These temporarily restricted funds represented contributions for specific needs of priests incardinated in the Roman Catholic Archdiocese of Boston, which were released and fully expended during the year ended June 30, 2007.

Also, during the years ended June 30, 2008 and 2007, the Trust transferred \$3.5 million and \$7.5 million, respectively, in unrestricted funds to the Archdiocese of Boston Clergy Retirement/Disability Plan, a related plan, to assist in funding that plan's obligations.

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, 2008 and 2007 were approximately \$72,500 and \$110,200, 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 \$589,837 and \$518,310 for the years ended June 30, 2008 and 2007, respectively.

# Archdiocese of Boston Clergy Benefit Trust

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## Notes to Financial Statements (Cont.)

June 30, 2008

### Note 5 - 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 2), 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 3.

### Note 6 – Risks and Uncertainties

The Plan invests in various investment securities (see Note 3). 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.

### Note 7 - Subsequent Decline in Market Values of Investments

Since the date of the accompanying financial statements, June 30, 2008, the Plan's investments depreciated in value by approximately \$111,000 (8.5%) through October 31, 2008 (including gains and losses on investments bought and sold as well as held during the period) as a result of a volatile stock market and a tightening of the credit market.

OTHER FINANCIAL INFORMATION

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Reilly Small Business Group

INDEPENDENT AUDITORS' REPORT

To the Trustee  
Archdiocese of Boston Clergy Benefit Trust

The audited financial statements of the Trust, and our report thereon, are presented in the preceding section of this report.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of other benefits and administrative expenses for the years ended June 30, 2008 and 2007, are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*G. T. Reilly & Company*

G. T. Reilly & Company

Milton, Massachusetts  
January 7, 2009

# Archdiocese of Boston Clergy Benefit Trust

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## Schedules of Other Benefits and Administrative Expenses

Year Ended June 30

	<u>2008</u>	<u>2007</u>
OTHER BENEFITS		
Non-plan payments	\$ 19,349	\$ 30,835
Retreats	18,025	19,037
Clergy, automobile insurance reimbursement	6,427	5,888
Stipends, clergy not assigned	0	1,000
Room and board	191,117	231,093
Health insurance	<u>589,837</u>	<u>518,310</u>
TOTAL OTHER BENEFITS	<u>\$ 824,755</u>	<u>\$ 806,163</u>
OTHER ADMINISTRATIVE EXPENSES		
Clergy transportation	\$ 10,774	\$ 9,414
Contract services	9,008	4,904
Printing	4,144	15,522
Office supplies	2,632	2,650
Postage	1,747	4,451
Conferences and meetings	4,824	0
Institutional support	0	15,589
Bank service charges	0	121
Education Assistance	<u>0</u>	<u>3,747</u>
TOTAL OTHER ADMINISTRATIVE EXPENSES	<u>\$ 33,129</u>	<u>\$ 56,398</u>