



October 31, 2015

Dear Fathers and Brother Priests,

BOARD OF TRUSTEES

Rev. Msgr. Dennis Sheehan

Very Rev. Brian R. Kiely

Very Rev. Bryan Parrish

Very Rev. Gerard Petringa

Ms. Ann Carter

Mr. C. Michael Daley

Mr. John Kaneb

Mr. James P. McDonough

Mr. James Mooney, Jr.

Ms. Jean Tempel

Mr. Mark Vachon

We are pleased to send you the Fiscal Year 2015 Report for the Clergy Health and Retirement Trust. The Executive Director's report and commentary are included, along with the outside auditor's financial report.

With the effective cooperation of our priests, Clergy Health and Retirement Trust's dedicated staff was once again able to deliver a very good fiscal performance. The Regina Cleri Trust was established July 1, 2014 creating the fourth trust under the Clergy Health and Retirement Trust. The audited financial statement in this report combines the four trusts presenting a complete financial picture for the year ended June 30, 2015.

We continue to look toward the future, understanding that the financial challenges will continue as we seek to provide a level of benefits our priest deserve.

We trust that all the efforts made to help all retired priests live with dignity and security whether in their own home, a nursing facility, a rectory or at Regina Cleri are bearing fruit. We welcome questions, comments and suggestions directly to either of us. Thank you for your continued prayers and generous support. May you continue to be blessed in all ways.

On behalf of the Board of Trustees,

John A. Kaneb  
Chairman

Reverend Monsignor Dennis Sheehan  
Vice-Chairman



## Joseph D'Arrigo, Executive Director

### Executive Summary

#### BOARD OF TRUSTEES

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Ms. Jean Tempel

Mr. Mark Vachon

The Clergy Health and Retirement Trust (the “Fund” or “CHRT”) was established to ensure the health, welfare, and retirements needs of you – our eligible active and senior priests of the Archdiocese of Boston. In fiscal year 2015, your Funds covered 232 senior and 382 active priests.

CHRT employs a professional staff dedicated to fulfilling these promises and caring for incardinated priests who are in good standing within the norms of canon law (“eligible”). The CHRT Board of Trustees is committed to providing that care in a fiscally-responsible way.

Caring for you means more than paying the bills. It means providing the resources and tools you need to live a healthy life, supporting and increasing your quality of life, and guaranteeing that the appropriate level of benefits are maintained when you need them. It also means accumulating enough funds to ensure that when you come to retirement, the finances will be there to provide the benefits you were promised. We look to the future needs with as much concern as meeting current commitments.

The staff of the CHRT is always available to answer your questions and provide help where needed. It has become our ministry--the ministry of caring for our priests.



### **Fiscal Year 2015 Highlights**

This is the first year that Regina Cleri is included in the combined financial statements of your clergy fund. On July 1, 2014, the Regina Cleri Trust was established. It became the fourth trust managed under the direction of the same set of trustees. The net effect of this transaction consolidates all benefits and financial information for our active and senior priests benefit plans, therefore creating further transparency. Managed on a fiscally-responsible basis, the Funds continue to produce encouraging results. The audited financial statements that follow reflect those results in a comprehensive account of all the resources being managed under the Trusts for your benefit.

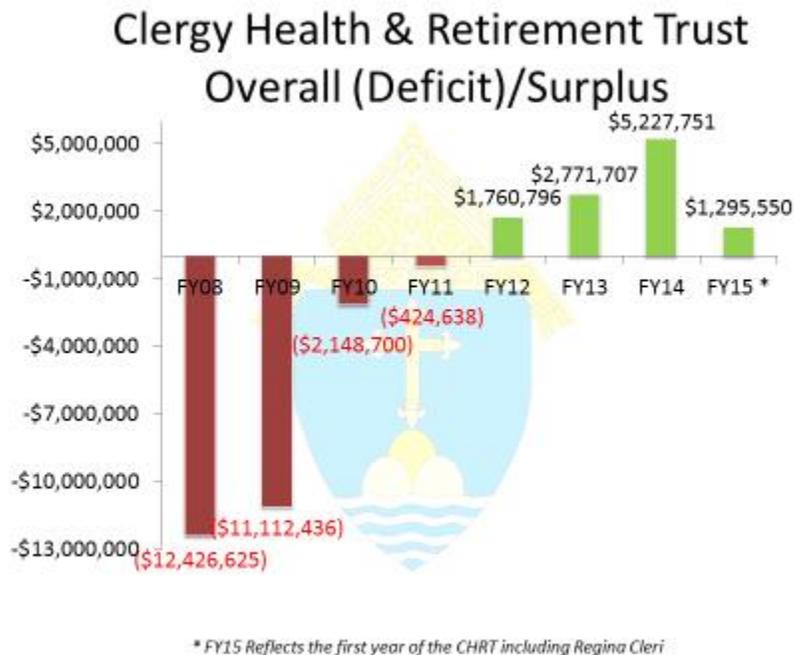
Accumulating surpluses is an essential element of our strategy to guarantee that enough money will be there for future benefits while continuing to meet financial obligations now. This strategy is a key element to meet future obligations for our priests. When an active priest attains senior status, the Fund not only provides a stipend income, but also medical benefits to supplement Medicare; a housing stipend; maintenance of the Regina Cleri residence. This is unique when compared with any standard lay retirement plan, and therefore must be managed differently.

Gifts and bequest have been a major component in adding to the assets available for future benefits, including the support of Regina Cleri. The majority of those bequests have come from your brother priests. We are grateful and honored that they remember in such a special way the care of their brothers that come after them.

We received \$8.5 million from the three parish collections and the Celebration of Priesthood dinner. Currently, the cost for senior priests is \$9.8 million per year. It is only through medical insurance assessment that we can meet the gap and cover the cost of the 382 active priests.



Surpluses developed today will be essential in meeting the demands of the future. We have more men attaining senior status and fewer active priests.



While fiscal year 2015 results show a surplus, it certainly was not as great as the year before. Although 2015 is a far cry from where we began seven years ago, we may not be able to continue to have such results given the reality of today's world. The challenges are real; our concern for the future is real. We need 100% support of our priests, active and senior, to continue our success. The support for CHRT comes from the parishioners under the leadership of their priests.



**Additional highlights for this fiscal year from your CHRT team:**

- o Mary Hanlon, R.N., our healthcare coordinator:
  - Visited 189 senior priest living on their own or in rectories.
  - Visited 140 priests in hospitals, rehab, nursing homes or assisted living
  - Made 797 calls to priests, family members to follow up on care
  - Published 12 editions of “Notes from the Nurse”
- o Jay Marsden, our elder care attorney, helped 15 priests and their families prepare plans to ensure that quality of care is maintained
- o Two therapists, Dr. Matt McGonagle and J. A. Loftus, SJ, PhD, were available to all your brother priests for consultation
- o Joan Smith helped countless priests navigate the healthcare system using Tufts and Delta Dental. She answered 438 calls from priests.
- o Maria Sullivan answered hundreds of questions or directed you to the appropriate resource for support. She coordinated all the material for used at the parish level for all collections. In addition she researched and implemented the new “Text to Give” initiative.
- o Maryellen Barrett and Jiahong Lin kept track of every expense to assure the appropriateness of charges to the Fund. Maryellen acted as liaison for the finance and audit committee as well as the investment committee.
- o Lisa Lipsett has coordinated the seminar series for emotional and psychological health in addition to leading the marketing effort to support the collections and COP Dinner. She led the marketing effort so your clergy funds can have more visibility and brand recognition with donors.



Overall, the Funds provided quality care at the following levels of support:

- \$4.9 million spent on medical, prescription drugs and dental
- \$7 million spent on retirement stipends and Regina Cleri

In addition, five comprehensive wellness seminars held during the fiscal year were attended by 85 priests on the following topics:

- Stress and the Road to Emotional Health
- Critical Conversation
- Psychosexual Development and Affective Maturity
- Conflict Resolution and Effective Communication

### **Looking Ahead**

This coming year, we will continue to support you through the physical wellness program in addition to emotional and psychological seminars designed to meet your needs as priests.

Science has shown that the connection between mind, body and spirit is a key to healthy living and quality of life. This year the theme of all of our programs takes that essential element into consideration. At the request of some priests we will also sponsor a retreat at Miramar in May; the focus will be centering prayer and forgiveness. The Retreat will be given by one of the best known authorities on both subjects: Fr. William Meninger, O.C.S.O.. Please mark the date of each of the seminars and the retreat on your calendar.

As a religious community, Regina Cleri continues to improve the services offered to senior priests. The facility offers a wide array of support for spiritual life; physical and emotional health; quality of life; thereby enabling priests to dedicate their later years to their lifelong commitment to the priesthood. We realize that that more senior priest are applying to Regina than we currently have availability. Please be assured that we are investigating alternatives to take care of all of our senior priests.

The CHRT staff remains dedicated to supporting you. We believe that the more we can do to provide for your physical health and emotional resiliency, the more we will be able to express our gratitude for your years of dedicated service to the Church of Boston.



## How You Can Help

The Clergy Health and Retirement Trust has worked diligently to offer a level of benefits for you and your brother priests that rivals any diocese in the country. Though the Funds are financially stable today, we need your help to provide benefits for the future.

The majority of funding comes from your parishioners through the three collections, Christmas, Easter, and September. We know your parishioner love you and want to support you. The easiest way to help, is to promote and bring awareness to the collections. Give your parishioners the opportunity to thank you for all you do.

Over the past several years, a number of your brother priests have left bequests from their estates for the CHRT and Regina Cleri. In fact last fiscal year there was almost \$470,000 contributed in the form of bequests and individual gifts. The majority of these gifts were from your fellow priests. These generous investments truly make a significant difference in providing for the future health and wellness of all our priests. The budget for fiscal year 2016 shows break-even results. Any surpluses will come from unbudgeted gifts and bequests. We cannot do this without your leadership, and we are grateful for any contribution you can make to support it.

Please consider helping your brother priests by making a gift to your Funds now or through your estate planning. For more information, you may contact me at 617-746-5694.

God Bless,

Joseph D'Arrigo  
Executive Director, Clergy Health & Retirement Trust



**Clergy Health and Retirement Trust**  
*Caring for the Well-Being of our Boston Priests*

**Finance & Audit Committee**

**Financial Report for the Year Ending June 30, 2015**

**BOARD OF TRUSTEES**

Rev. Msgr. Dennis Sheehan  
Very Rev. Brian R. Kiely  
Very Rev. Bryan Parrish  
Very Rev. Gerard Petringa  
Ms. Ann Carter  
Mr. C. Michael Daley  
Mr. John Kaneb  
Mr. James P. McDonough  
Mr. James Mooney, Jr.  
Ms. Jean Tempel  
Mr. Mark Vachon

The Clergy Health & Retirement Trust Finance & Audit Committee is pleased to present the audited financial statements of the Clergy Health & Retirement Trust for the fiscal year ended June 30, 2015.

These statements are the responsibility of the management of the Clergy Health & Retirement Trust, and have been audited by Grant Thornton LLP. Our auditors have issued an unqualified opinion that the statements fairly present the financial position of the Clergy Health & Retirement Trust in conformity with generally accepted accounting principles as of and for the year ended June 30, 2015.

The Finance & Audit Committee wishes to express its thanks to the many individuals who have helped to return these funds to a financially stable state, including:

- Our priests who have supported us from the beginning;
- Our many generous benefactors;
- Our Clergy Health & Retirement Trust team, who work diligently to improve the health care and retirement for our priests.

The Finance & Audit Committee consists of Reverend Thomas S. Rafferty, Administrator of Saint John the Evangelist Parish, Canton, James Mullaney, CPA, Richard F. Reilly, CPA a former partner at KPMG LLP, Michael Shaughnessy, Co-owner of Shaughnessy & Ahearn Company and James P. McDonough (Chair), and President and CEO, Randolph Savings Bank.

On behalf of the Finance & Audit Committee,

James P. McDonough  
Chairman, Finance & Audit Committee  
Clergy Health & Retirement Trust

Combined Financial Statements and Report of  
Independent Certified Public Accountants

**Archdiocese of Boston**

**Clergy Health and Retirement Trust**

- **Clergy Medical/Hospitalization Trust**
- **Clergy Retirement Trust**
- **Clergy Benefit Funding Trust**
- **Regina Cleri Trust**

June 30, 2015

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Trustees of the Archdiocese of Boston Clergy Health and Retirement Trust

We have audited the accompanying financial statements of the Archdiocese of Boston Clergy Health and Retirement Trust (CHRT), which comprise the combined statement of net assets available for benefits and statement of accumulated plan benefits as of June 30, 2015 and the related combined statement of changes in net assets available for benefits and combined statement of changes in accumulated plan benefits for the year 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 combined 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 combined 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 CHRT'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 CHRT'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 combined financial statements referred to above present fairly, in all material respects, information regarding the Archdiocese of Boston Clergy Health and Retirement Trust net assets available for benefits and financial status as of June 30, 2015 and changes therein for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental combining statement of net assets available for benefits, combining statement of changes in net assets available for benefits and statement of activities and changes in net assets available for benefits – Regina Cleri Trust as of and for the years ended June 30, 2015 are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of the CHRT's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

*Grant Thornton LLP*

Boston, Massachusetts

October 13, 2015

## ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST

Combined Statement of Net Assets Available for Benefits

June 30, 2015

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### ASSETS

Cash and cash equivalents (note C)	\$	8,884,299
Participating entities receivable, net (note C)		27,949
Accounts receivable, Medicare		150,000
Contributions receivable (note C)		150,000
Accounts receivable, other		90,801
Prepaid expenses (note C)		397,278
Investments, at fair value (notes E and J)		33,200,460
Land, buildings, and equipment, net (notes C and F)		<u>13,743,286</u>
Total assets	\$	<u><b>56,644,073</b></u>

### LIABILITIES

Accounts payable and accrued expenses	\$	598,689
Deferred income (note C)		<u>402,252</u>
Total liabilities		<u><b>1,000,941</b></u>

### NET ASSETS AVAILABLE FOR BENEFITS

Unrestricted:		
Undesignated		51,229,027
Designated for endowment		<u>3,039,644</u>
Total unrestricted		54,268,671
Temporarily restricted		507,409
Permanently restricted		<u>867,052</u>
Total Net Assets Available for Benefits	\$	<u><u><b>55,643,132</b></u></u>

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

# ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST

## Combined Statement of Changes in Net Assets Available for Benefits

For the year ended June 30, 2015

### OPERATING REVENUE:

Collections from parishes	\$ 7,224,107
Assessments to participating entities	6,080,802
Special event dinner, net of \$331,127 of costs	1,253,064
Room & board assessments military, cable, phone	218,208
Medicare reimbursement	104,682
Investment returns designated for current operations	55,472
Miscellaneous income	1,548
Total operating revenue	<u>14,937,883</u>

### OPERATING EXPENSES:

#### Benefits:

Claims paid	4,858,031
Retirement benefits	4,209,182
Regina Cleri residence operations	2,808,255
Room and board	442,953
Unassigned and health leave benefits	294,645
Plan administrator	242,514
Disability benefits	42,547
Medex benefits	25,226
Legal - estate planning	18,000
Other expenses	10,112
Provision for uncollectible assessments	(44,070)
Total benefits	<u>12,907,395</u>

#### Administration:

Salaries and benefits	775,160
Service fees (note G)	287,500
Contract services	223,142
Fundraising expense (note G)	204,399
Professional fees	104,018
Other administrative expenses	90,565
Total administration	<u>1,684,784</u>

Total operating expenses: 14,592,179

**INCREASE IN NET ASSETS FROM OPERATIONS** **345,704**

### NON-OPERATING REVENUES (EXPENSES):

Gifts, bequests and donations	967,923
Interest and dividends	683,305
Grant income	41,000
Net realized and unrealized losses on investments	(401,708)
Depreciation expense (note F)	(340,674)
Total non-operating revenues, net	<u>949,846</u>

**NET INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS** **1,295,550**

### NET ASSETS AVAILABLE FOR BENEFITS:

**BEGINNING OF YEAR** **43,446,522**

**TRANSFER FROM RELATED ENTITY (notes A and M)** **10,901,060**

**END OF YEAR** **\$ 55,643,132**

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

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**  
Combined Statement of Accumulated Plan Benefits  
June 30, 2015

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**ACCUMULATED PLAN BENEFIT OBLIGATIONS:**

**ACTUARIAL PRESENT VALUE OF ACCUMULATED  
RETIREMENT PLAN BENEFITS**

Retired and disabled participants currently receiving retirement benefits	\$ 46,057,910
Active participants	<u>28,121,422</u>

<b>TOTAL ACTUARIAL PRESENT VALUE OF ACCUMULATED RETIREMENT PLAN BENEFITS</b>	<b><u>74,179,332</u></b>
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**ACTUARIAL PRESENT VALUE OF OTHER  
POST-RETIREMENT BENEFIT OBLIGATIONS**

Retired and disabled participants currently receiving health, dental and subsistence benefits	16,181,333
Active participants	<u>18,455,985</u>

<b>TOTAL ACTUARIAL PRESENT VALUE OF OTHER POST-RETIREMENT BENEFIT OBLIGATIONS</b>	<b><u>34,637,318</u></b>
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**RESERVE FOR HEALTH INSURANCE CLAIMS**

Claims payable and claims incurred but not reported for retired participants	152,769
Claims payable and claims incurred but not reported for active participants	<u>348,231</u>

<b>TOTAL RESERVE FOR HEALTH INSURANCE CLAIMS</b>	<b><u>501,000</u></b>
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<b>TOTAL ACCUMULATED PLAN BENEFIT OBLIGATIONS</b>	<b>\$ <u><u>109,317,650</u></u></b>
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The accompanying notes are an integral part of these combined financial statements.

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**

Combined Statement of Changes in Accumulated Plan Benefits

For the year ended June 30, 2015

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<b>ACCUMULATED PLAN BENEFIT OBLIGATIONS AT THE BEGINNING OF YEAR</b>	<b>\$ 117,590,109</b>
<b>CHANGES IN ACCUMULATED RETIREMENT PLAN BENEFITS</b>	
Actuarial present value of accumulated retirement plan benefits at beginning of year	<u>81,141,675</u>
Changes during the year attributable to:	
Benefits accumulated	1,322,955
Increase for interest due to the decrease in the discount period	3,374,564
Benefits paid	(6,823,689)
Changes in actuarial assumptions	<u>(4,836,173)</u>
Net decrease	<u>(6,962,343)</u>
Actuarial present value of accumulated retirement plan benefits at end of year	<u>74,179,332</u>
<b>CHANGES IN OTHER POST-RETIREMENT BENEFIT OBLIGATIONS</b>	
Actuarial present value of other post-retirement benefit obligations at beginning of year	<u>35,971,434</u>
Changes during the year attributable to:	
Benefits accumulated	985,188
Increase for interest due to the decrease in the discount period	1,638,299
Benefits paid	(1,827,226)
Changes in actuarial assumptions	<u>(2,130,377)</u>
Net decrease	<u>(1,334,116)</u>
Actuarial present value of other post-retirement benefit obligations at end of year	<u>34,637,318</u>
<b>CHANGES IN RESERVE FOR HEALTH INSURANCE CLAIMS</b>	
Reserve for health insurance claims at beginning of year	<u>477,000</u>
Changes during the year attributable to:	
Claims reported and approved and claims incurred but not yet reported	4,882,031
Claims paid	<u>(4,858,031)</u>
Net increase	<u>24,000</u>
Reserve for health insurance claims at end of year	<u>501,000</u>
<b>ACCUMULATED PLAN BENEFIT OBLIGATIONS AT THE END OF YEAR</b>	<b>\$ <u>109,317,650</u></b>

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

## ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST

Notes to Financial Statements

June 30, 2015

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### NOTE A – DESCRIPTION OF THE CLERGY HEALTH AND RETIREMENT TRUSTS

#### *Description of the Trusts*

The Archdiocese of Boston Clergy Health and Retirement Trust (the “CHRT”) represents collectively all trusts, as they may exist from time to time, that provide for the health, welfare, disability, and retirement of priests incardinated in the Roman Catholic Archdiocese of Boston (RCAB) who are in good standing within the norms of canon law (“Eligible Priests”). The CHRT includes the financial position and activities of the Archdiocese of Boston Clergy Benefit Funding Trust (the “Funding Trust”), the Archdiocese of Boston Clergy Retirement Trust (the “Retirement Trust”), the Archdiocese of Boston Clergy Medical/Hospitalization Trust (the “Medical Trust”) and the Archdiocese of Boston Regina Cleri Trust (“Regina Cleri Trust”). Effective July 1, 2014 the Regina Cleri Trust was established as the fourth trust under CHRT. The Cardinal Archbishop of Boston, as the Corporation Sole assigned and transferred all of RCAB’s membership interest in Regina Cleri, Incorporated (“Regina Cleri”) to the Regina Cleri Trust, and the Trustees of CHRT have accepted such assignment and transfer.

The CHRT was established for the purpose of generating and providing support for the benefit of Eligible Priests incardinated in the RCAB, as directed by the Roman Catholic Archbishop of Boston. The CHRT is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Archbishop of Boston, by virtue of his office, is responsible for providing for health, welfare, disability and retirement benefits of Eligible Priests. He appoints the Board of Trustees of the CHRT, but does not serve as a Trustee. Additionally, the Archbishop of Boston serves as Chairman to numerous separately incorporated Catholic organizations that operate within the Archdiocese of Boston. These organizations are considered to be related organizations.

The Board of Trustees assists the Archbishop of Boston in his responsibilities to Eligible Priests by administering the CHRT. The Trustees are authorized and empowered to manage the assets of and benefits provided by the CHRT as deemed necessary.

#### *Reporting and disclosure by Corporation Sole*

The accounting and financial disclosures within this report for the CHRT are prepared under the provisions of Accounting and Reporting by Defined Benefit Pension Plans and Health and Welfare Plans. The primary objective of the CHRT financial statement is to provide financial information that is useful in assessing the CHRT present and future ability to pay benefits when due.

CHRT is the retirement vehicle for the Eligible Priests assigned to the RCAB. Accordingly, the financial reporting of Corporation Sole as the employer of these priests, includes corresponding accounting and financial disclosures relating to the CHRT retirement and other post-retirement benefits.

### NOTE B - DESCRIPTION OF THE PLANS

The following brief description of the CHRT plans is provided for general information purposes only. Participants should refer to each plan agreement for more complete information.

## **ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**

Notes to Financial Statements - Continued

June 30, 2015

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### **NOTE B - DESCRIPTION OF THE PLANS - Continued**

#### **Funding and Benefits**

The CHRT primary source of funding benefits is from special collections from parishes in the Archdiocese of Boston and assessments to parishes and other catholic organizations within the Archdiocese of Boston. As collections are received from the parishes, they are held in the Funding Trust. Funds are transferred to the Medical Trust, the Retirement Trust, and Regina Cleri at the discretion of the Trustees.

The Medical Trust was established to provide substantially all medical and/or hospitalization coverage to Eligible Priests.

The Retirement Trust is a noncontributory defined benefit pension plan that provides retirement benefits, which includes a stipend and room and board covering Eligible Priests.

Regina Cleri is a nonprofit Massachusetts corporation. Regina Cleri is a religious community, in the West End of Boston, committed to supporting the health and vocation of the Eligible senior priests of the Archdiocese of Boston. Regina Cleri provides resident senior priests with support for their physical and emotional health, quality of life and spiritual life, thereby allowing them to dedicate their later years to their lifelong commitment to their vocation.

The primary benefits provided by the Funding Trust relate to funding of the Medical Trust, the Retirement Trust and Regina Cleri where necessary. The Funding Trust also pays substantially all benefits for Eligible Priests who are currently on health leave and waiting assignment for up to six months. Additional benefits include support for the well-being of Eligible Priests at the discretion of the Trustee.

#### **Health Assessments**

The Medical Trust charges assessments to parishes and related catholic organizations for medical and hospitalization coverage of Eligible Priests who are assigned. The annual assessments are calculated based on the expected claims and the total number of priests. From time to time, the Medical Trust may also receive funding from the Funding Trust to cover expenses that exceed assessments received.

#### **Retirement Benefits**

The monthly retirement benefit available to a priest who retires at the general retirement age of 75 includes a stipend and room and board, which varies depending upon the retiree's residence. The monthly stipend ranges from \$590 to \$1,477. The monthly room and board benefit is \$600 for those priests living on their own or in a parish. CHRT no longer covers the cost of a nursing home. Additionally, priests can reside at Regina Cleri. A priest who has attained at least age 65 may, with the permission of the Archbishop of Boston, retire early and receive a retirement benefit. Any priest who becomes totally and permanently disabled qualifies for retirement benefits. Retirement benefits are available to all Eligible Priests. This program has no vesting provisions."

#### **Other Post-Retirement Benefits**

Other post-retirement benefits include health, dental and subsistence benefits.

## ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST

Notes to Financial Statements - Continued

June 30, 2015

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### NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### **Basis of Accounting**

The combined financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB).

CHRT reports three classes of net assets available for benefits and the changes in those net assets in the statement of net assets available for benefits. The three classes of net assets available for benefits - unrestricted, temporarily restricted and permanently restricted - are based on the existence or absence of donor-imposed restrictions, either explicit or implicit. The three classifications are defined as follows:

Unrestricted net assets available for benefits are those net resources that are not restricted by the donor or for which donor restrictions have expired and are generally available for use by CHRT.

Temporarily restricted net assets available for benefits are subject to donor-imposed restrictions that permit CHRT to use or expend the donated assets as specified and which are satisfied by either the passage of time or by actions of CHRT. Temporarily restricted net assets available for benefits consist of the unspent appreciation on permanently restricted net assets as of June 30, 2015.

Permanently restricted net assets available for benefits are subject to donor-imposed stipulations and are to be maintained permanently by CHRT. Generally, the donors of these assets permit CHRT to use, all or in part, the income earned on the underlying assets for the care of retired priests. Unexpended appreciation on permanently restricted net assets available for benefits is classified as temporarily restricted net assets available for benefits. Interest and dividends on permanently restricted net assets available for benefits are classified as temporarily restricted net assets available for benefits. The Board of Trustees appropriates a percentage of those temporarily restricted net assets available for benefits, currently 4% per year, as available for the care of the retired priests.

#### **Cash and Cash Equivalents**

Financial instruments with original maturities of three months or less at the purchase date are classified as cash equivalents and are accounted for at amortized cost which approximates fair market value. Included in cash equivalents are money market funds of \$7,315,851 at June 30, 2015.

CHRT deposits its cash in major financial institutions. These deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000, per institution. While at times funds deposited in banks are in excess of FDIC insured limits, CHRT has not experienced any losses as a result of the use of uninsured deposit accounts.

## **ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**

Notes to Financial Statements - Continued

June 30, 2015

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### **NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **Investments**

Investments are carried at fair value. Changes in fair values are reflected in the combined statements of changes in net assets available for benefits as net realized and unrealized gains (losses) on investments. Investment transactions are accounted for as of the date the securities are purchased or sold (trade date). Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

Financial instruments with original maturities of greater than three months at the purchase date are classified as investments. Included in investments are certificates of deposit and a blend of mutual funds with fair values of \$3,010,110 and \$30,190,350, respectively, at June 30, 2015.

#### **Participating Entities Assessments and Receivable**

CHRT charges assessments to parishes and related catholic organizations for medical and hospitalization coverage of Eligible Priests who are assigned. The annual assessments are calculated based on the expected claims and the total number of priests. The annual assessment was \$17,640 per individual priest during fiscal year 2015.

Participating entities receivables are for health assessments to the related parties for assigned Eligible Priests and are stated net of an allowance for uncollectible accounts. The allowance is established via a provision for uncollectible assessments charged to operations. 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. Accounts are charged against the allowance when management believes that the collectability of the specific account is unlikely.

#### **Land, Building and Equipment**

Land, building and equipment are carried at cost, net of accumulated depreciation, or if donated, at appraised value at the time of donation. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets, which range from three to forty years. Expenditures for maintenance and repairs are expensed as incurred.

#### **Prepaid Expenses**

Retirement benefit payments are withdrawn from the CHRT operating cash account by the payroll provider on the last business day of the month in order to be available on the first of the following month for the priests. Included in prepaid expenses are \$353,226 for retirement benefits prepaid at June 30, 2015.

#### **Collections from Parishes**

Collections from parishes are recognized in the statement of changes in net assets available for benefits as CHRT receives the contributions. Any amounts not yet received by June 30, 2015 are accrued as due by the remitting parish.

## ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST

Notes to Financial Statements - Continued

June 30, 2015

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### NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### *Contributions Receivable, Gifts, Bequests and Contributions*

Unconditional promises to give are reported at fair value on the date the promise is verifiably committed. Unconditional promises to give that are expected to be collected are recorded at net realizable value.

There were no conditional promises to give at June 30, 2015.

Contributions receivable are reflected on the statements of net assets available for benefits at the full value of the contribution. Given the nature of collectability, there is no allowance for doubtful accounts.

#### *Special Events and Deferred Income*

Special event donation amounts are recognized in the changes in net assets available for benefits at the completion of the event. Amounts received prior to the event are recorded as deferred income until the occurrence of the event.

#### *Payment of Benefits*

Benefit payments to participants are recorded upon distribution.

#### *Income Taxes*

The CHRT is included in the annual United States Conference of Catholic Bishops Internal Revenue Service Group Ruling and is therefore exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The CHRT 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 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The CHRT management has reviewed the tax positions for open periods and determined that no provision for income tax is required in the CHRT financial statements.

#### *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, contingent assets and liabilities, and changes during the reported period. Actual results could differ from those estimates. As discussed above, key estimates include the allowance for uncollectible assessments; health claims incurred by participants but not yet reported, and accumulated retirement plan benefits and other post-retirement benefits.

#### *Operations*

Changes in net assets that do not impact current operations are presented as non-operating activities, including non-current contributions (gifts or pledges intended to fund future-year activities), net realized and unrealized investment gains/losses.

## ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST

Notes to Financial Statements - Continued

June 30, 2015

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### NOTE D - SUMMARY OF ACTUARIAL ASSUMPTIONS

#### *Actuarial Present Value of Accumulated Retirement Plan Benefits*

Accumulated retirement plan benefits, which include a stipend and room and board, are those future periodic payments that are expected to be paid under the Retirement Trust's provisions to retired and active priests.

The actuarial present value of accumulated retirement plan benefits is determined by an actuary, and is the amount that results from applying actuarial assumptions to adjust the accumulated retirement plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuations are as follows at June 30, 2015:

Discount rate	4.5%
Mortality before and after retirement	Headcount weighted 2006 rates (RP-2014 central data year), with generational projection using Scale BB-2D. Separate retiree and active participant rates.
Retirement age	Age graded tables
Asset valuation	Market value
Retirement benefit	\$1,594 average per month
Cost of living adjustment	None assumed
Salary increases	N/A

Changes in key assumptions in the current year included retirement rates, discount rates and mortality rates.

The foregoing actuarial assumptions are based on the presumption that the Retirement Trust will continue. Were the Retirement Trust to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated retirement plan benefits.

#### *Actuarial Present Value of Other Post-Retirement Benefit Obligations*

Other post-retirement benefit obligations represent the actuarial present value of those estimated future health, dental and subsistence benefits that are attributed to clergy service rendered through the financial statement date.

Prior to reaching the eligibility date, the post-retirement benefit obligation is the portion of the expected post-retirement benefit obligation that is attributed to each priest's service rendered to the valuation date.

The actuarial present value of the expected post-retirement benefit obligation is determined by an actuary and is the amount that results from applying actuarial assumptions to historical claims-cost data to estimate future annual incurred claims costs per participant and to adjust such estimates for the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as those for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

## ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST

Notes to Financial Statements - Continued

June 30, 2015

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### NOTE D - SUMMARY OF ACTUARIAL ASSUMPTIONS - Continued

For measurement purposes, a 6.5% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2015; the rate was assumed to decrease gradually to 4.5% by 2020.

The following were other significant assumptions used in the valuation as of June 30, 2015:

Discount rate	4.81%
Retirement age	Age graded tables
Mortality	Headcount weighted 2006 rates (RP-2014 central data year), with generational projection using Scale BB-2D. Separate retiree and active participant rates.
Effect of 1% increase in healthcare cost trend rate on postretirement obligation	\$ 5,154,000
Effect of 1% decrease in healthcare cost trend rate on postretirement obligation	\$ (4,169,000)

Changes in key assumptions in the current year included discount rate and mortality tables and changes in discount rates.

The foregoing actuarial assumptions are based on the presumption that the Medical Trust will continue. If the Medical Trust was to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of other post-retirement benefit obligations.

#### **Reserve for Health Insurance Claims**

Reserve for health insurance claims consist of medical and dental claims incurred but not reported as of June 30, 2015 for benefits provided to Eligible Priests. Obligations for health claims incurred by Eligible Priests but not reported are estimated by management based on historical experience.

### NOTE E – INVESTMENTS

CHRT had the following investments as of June 30, 2015.

Mutual funds - growth	\$ 14,663,804
Mutual funds - fixed income	15,526,546
Certificate of deposit	<u>3,010,110</u>
	<u>\$ 33,200,460</u>

## ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST

Notes to Financial Statements - Continued

June 30, 2015

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### NOTE F – LAND, BUILDING AND EQUIPMENT

Land, building and equipment consists of the following at June 30, 2015:

Land	\$ 4,036,578
Land improvements	529,925
Building	10,551,225
Building improvements	1,903,727
Leashold Improvements	1,845,923
Furniture and equipment	718,782
Vehicles	<u>27,137</u>
	19,613,297
Less accumulated depreciation	<u>5,870,011</u>
	<u><u>\$ 13,743,286</u></u>

Depreciation expense totaled \$588,560 for the fiscal year ended June 30, 2015 which includes \$247,886 depreciation for operating assets of Regina Cleri and \$340,674 non-operating depreciation representing the depreciation on building improvements and land improvements of the Regina Cleri facility which is held in the Benefit Funding Trust and does not reflect the daily operations of Regina Cleri.

### NOTE G - RELATED PARTY TRANSACTIONS

Regina Cleri participates with other Catholic organizations in lay employee health, dental, life, disability, and transition assistance plans that are related organizations. Expenses incurred by Regina Cleri for the benefit of lay employees under these plans were \$159,391 for the year ended June 30, 2015.

#### Service Fees

A service fee based on the level of efforts provided for administrative, rent, technology and clerical services is charged to the CHRT by the RCAB. The fees charged for the year ended June 30, 2015 were \$287,500.

A service fee based on the level of efforts provided for fundraising is charged to the CHRT by the RCAB, Boston Catholic Development Services (“BCDS”). The fee charged for the year ended June 30, 2015 was \$200,000.

### NOTE H - ENDOWMENT

Regina Cleri’s endowment consists of a single fund established for the support of the Regina Cleri religious community facility. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as an endowment. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

## ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST

Notes to Financial Statements - Continued

June 30, 2015

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### NOTE H – ENDOWMENT - Continued

#### *Interpretation of Relevant Law*

Endowment funds are governed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as enacted by the Commonwealth of Massachusetts. Although UPMIFA offers short-term spending flexibility, the explicit consideration of the preservation of the endowed funds among factors for prudent investment and spending suggests that a donor-restricted endowment fund is still perpetual in nature. As is the case in the current financial environment, there is no guarantee that the permanently restricted amount of an endowed fund will remain intact at all times. Under UPMIFA, the Board of Trustees is permitted to determine and continue a prudent payout amount, even if the market value of the fund is below the historic dollar value. There is an expectation that, over time, the permanently restricted amount will generally remain intact. This perspective is aligned with the accounting standards definition that permanently restricted funds are those that must be held in perpetuity even though the historic-dollar-value may be spent on a temporary basis. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets and is regarded as net appreciation is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with Regina Cleri's spending policy.

#### *Funds with Deficiencies*

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the "historic-dollar-value". Deficiencies of this nature are reported by a decrease in unrestricted net assets and corresponding increase to temporarily restricted net assets. There were no funds with deficiencies as of June 30, 2015.

#### *Endowment Investment Policy*

Regina Cleri has adopted an investment philosophy, which combined with the spending rate, attempts to provide a predictable stream of returns thereby making funds available to programs that are supported by its endowment, while at the same time seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Regina Cleri must hold in perpetuity or for donor-specified periods. Under Regina Cleri's Investment Policy and spending rate, both of which are approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary.

#### *Endowment Spending Policy*

Under the Regina Cleri spending policy 4% of the trailing twelve quarters market value of the qualifying donor restricted endowment investments at June 30, 2015 was appropriated for current operations. The calculated spending was then invested along with the unrestricted funds.

#### *Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, Regina Cleri relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Investment Committee's investment rationale is to include an array of different strategies and investment managers for the investment portfolio to reduce overall volatility while providing investment returns above industry benchmarks.

## ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST

Notes to Financial Statements - Continued

June 30, 2015

### NOTE H – ENDOWMENT - Continued

Following are the changes in endowment net assets for the fiscal year ended June 30, 2015:

	<b>Unrestricted Designated for Endowment</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets, June 30, 2014	\$ 2,865,914	\$ 523,926	\$ 867,052	\$ 4,256,892
Investment return:				
Investment income	170,715	55,472	-	226,187
Net appreciation/(depreciation)	3,015	(16,517)	-	(13,502)
Total investment return	173,730	38,955	-	212,685
Appropriation of endowment assets for operations (draw)	-	(55,472)	-	(55,472)
Endowment net assets, June 30, 2015	\$ 3,039,644	\$ 507,409	\$ 867,052	\$ 4,414,105

### NOTE I - BENEFICIAL INTERESTS

The CHRT is a beneficiary under the terms of various wills. The exact value of such interests and the time at which rights to these interests become irrevocable is dependent upon certain future events over which the CHRT has no control. Accordingly, the CHRT has not recorded these interests in the accompanying financial statements.

### NOTE J - FAIR VALUE MEASUREMENTS

The CHRT measures the fair values of assets and liabilities as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value hierarchy is used to prioritize the inputs to valuation techniques used to measure fair value. The CHRT classifies its assets and liabilities into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which observable market inputs are readily available), and Level 3 (securities valued based on significant unobservable inputs). Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Investments consist of certificates of deposit and mutual funds. The mutual funds are valued based on quoted prices in active markets and are classified within Level 1 of the fair value hierarchy, and had a value of \$30,190,020 as of June 30, 2015. Certificates of deposit are carried at amortized cost, which approximates fair value at June 30, 2015, and are classified within Level 2 with a value of \$3,010,110.

## ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST

Notes to Financial Statements - Continued

June 30, 2015

### NOTE K - OPERATING EXPENSES

Following is CHRT operating expenses of the Regina Cleri facility classified by area of resident service for the year ended June 30, 2015:

	Direct Care	Maintenance	Dining Services	Administration	Recreation	Total
Operating expenses:						
Salaries and related	\$ 776,565	\$ 253,792	\$ 370,427	\$ 372,951	\$ 53,425	\$ 1,827,160
Facility rental and related	608,551	38,274	76,547	74,680	3,827	801,879
Food, supplies and other	21,689	45,765	192,943	25,777	19,177	305,351
Utilities and communications	-	164,509	-	59,267	-	223,776
Contract labor	12,000	41,287	-	33,647	-	86,934
Repairs and maintenance	-	58,969	-	4,186	-	63,155
Total operating expenses	\$ 1,418,805	\$ 602,596	\$ 639,917	\$ 570,508	\$ 76,429	\$ 3,308,255

### NOTE L - FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK

The CHRT financial instruments that are potentially subject to concentrations of credit risk consist of cash, cash equivalents (note C), and investments (note E).

The CHRT invest in various investment securities through its investments in publically traded mutual funds. 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.

The actuarial present value of accumulated retirement plan benefits and other post-retirement benefit obligations are reported based on certain assumptions pertaining to interest rates, inflation rates, health care inflation rates, and participant 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 affect the financial statements.

### NOTE M - TRANSFER FROM RELATED ENTITY

As described in Note A, effective July 1, 2014, the Regina Cleri Trust was established as the fourth trust under CHRT. The Cardinal Archbishop of Boston, as the Corporation Sole assigned and transferred all of the RCAB's membership interest in Regina Cleri, Incorporated to the Regina Cleri Trust, and the Trustees of CHRT have accepted such assignment and transfer. Net assets available for benefits on the date of the transfer were approximately \$10.9 million and are reflected as transfer from related entity in the accompanying combined statement of changes in net assets available for benefits.

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**

Notes to Financial Statements - Continued

June 30, 2015

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**NOTE N - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 13, 2015, which is the date the financial statements were available to be issued. There were no further subsequent events that would require recognition or additional disclosure in the Clergy Health and Retirement Trust's financial statements.

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**SUPPLEMENTAL INFORMATION**

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## ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST

Combining Statement of Net Assets Available for Benefits

June 30, 2015

	MEDICAL TRUST	RETIREMENT TRUST	FUNDING TRUST	REGINA CLERI TRUST	Elimination	TOTAL
<b>ASSETS</b>						
Cash and cash equivalents (note C)	\$ 2,028,965	\$ 552,434	\$ 5,467,265	\$ 835,635	\$ -	\$ 8,884,299
Participating entities receivable, net (note C)	27,949	-	-	-	-	27,949
Accounts receivable, Medicare	150,000	-	-	-	-	150,000
Contributions receivable (note C)	-	-	150,000	-	-	150,000
Accounts receivable, other	-	-	84,968	5,833	-	90,801
Prepaid expenses (note C)	-	353,226	31,491	12,561	-	397,278
Investments, at fair value (notes E and J)	3,010,110	-	24,576,245	5,614,105	-	33,200,460
Prepaid rent	-	-	-	1,919,684	(1,919,684)	-
Land, buildings and equipment, net (notes C and F)	-	-	12,417,889	1,325,397	-	13,743,286
Due from / (to) related organizations	2,030	(2,030)	-	-	-	-
Total assets	<b>\$ 5,219,054</b>	<b>\$ 903,630</b>	<b>\$ 42,727,858</b>	<b>\$ 9,713,215</b>	<b>\$ (1,919,684)</b>	<b>\$ 56,644,073</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 292,916	\$ -	\$ 119,370	\$ 186,403	\$ -	\$ 598,689
Deferred income (note C)	-	-	401,702	550	-	402,252
Deferred lease income	-	-	1,919,684	-	(1,919,684)	-
Total liabilities	<b>292,916</b>	<b>-</b>	<b>2,440,756</b>	<b>186,953</b>	<b>(1,919,684)</b>	<b>1,000,941</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>						
Unrestricted:						
Undesignated	4,926,138	903,630	40,287,102	5,112,157	-	51,229,027
Designated for endowment	-	-	-	3,039,644	-	3,039,644
Total Unrestricted	4,926,138	903,630	40,287,102	8,151,801	-	54,268,671
Temporarily restricted	-	-	-	507,409	-	507,409
Permanently restricted	-	-	-	867,052	-	867,052
Total Net Assets Available for Benefits	<b>\$ 4,926,138</b>	<b>\$ 903,630</b>	<b>\$ 40,287,102</b>	<b>\$ 9,526,262</b>	<b>\$ -</b>	<b>\$ 55,643,132</b>

# ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST

Combining Statement of Changes in Net Assets Available for Benefits

For the year ended June 30, 2015

	MEDICAL TRUST	RETIREMENT TRUST	FUNDING TRUST	REGINA CLERI TRUST	Eliminations	TOTAL
<b>OPERATING REVENUE:</b>						
Collections from parishes	\$ -	\$ -	\$ 7,224,107	\$ -	\$ -	\$ 7,224,107
Assessments to participating entities	6,029,290	-	51,512	-	-	6,080,802
Special event dinner, net of \$331,127 of costs	-	-	1,253,064	-	-	1,253,064
Room & board assessments military, cable, phone	-	-	-	218,208	-	218,208
Medicare reimbursement	104,682	-	-	-	-	104,682
Investment returns designated for current operations	-	-	-	55,472	-	55,472
Miscellaneous income	-	-	-	1,548	-	1,548
Rental income Regina Cleri leaseback	-	-	500,000	-	(500,000)	-
Discount on amortization on prepaid rent	-	-	-	135,393	(135,393)	-
Total operating revenue	6,133,972	-	9,028,683	410,621	(635,393)	14,937,883
<b>OPERATING EXPENSES:</b>						
Benefits:						
Claims paid	4,858,031	-	-	-	-	4,858,031
Retirement benefits	-	4,209,182	-	-	-	4,209,182
Regina Cleri residence operations	-	-	-	2,808,255	-	2,808,255
Room and board	-	-	442,953	-	-	442,953
Unassigned and health leave benefits	-	-	294,645	-	-	294,645
Plan administrator	242,514	-	-	-	-	242,514
Disability benefits	-	42,547	-	-	-	42,547
Medex benefits	-	1,087	24,139	-	-	25,226
Legal - estate planning	-	-	18,000	-	-	18,000
Other expenses	-	-	10,112	-	-	10,112
Regina Cleri rent expense (Leaseback)	-	-	-	500,000	(500,000)	-
Interest - amortization on prepaid rent	-	-	135,393	-	(135,393)	-
Provision for uncollectible assessments	(44,070)	-	-	-	-	(44,070)
Total benefits	5,056,475	4,252,816	925,242	3,308,255	(635,393)	12,907,395
Administration:						
Salaries and benefits	43,008	-	732,152	-	-	775,160
Service fees (note G)	-	-	287,500	-	-	287,500
Contract services	-	-	223,142	-	-	223,142
Fundraising expense (note G)	-	-	204,399	-	-	204,399
Professional fees	-	-	104,018	-	-	104,018
Other administrative expenses	6,261	6,241	78,063	-	-	90,565
Total administration	49,269	6,241	1,629,274	-	-	1,684,784
Total operating expenses:	5,105,744	4,259,057	2,554,516	3,308,255	(635,393)	14,592,179
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>1,028,228</b>	<b>(4,259,057)</b>	<b>6,474,167</b>	<b>(2,897,634)</b>	<b>-</b>	<b>345,704</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Gifts, bequests and donations	-	500,000	253,138	214,785	-	967,923
Interest and dividends	13,927	4,463	654,777	10,138	-	683,305
Grant income	-	-	40,000	1,000	-	41,000
Net realized and unrealized gains (losses) on investments	-	-	(498,621)	96,913	-	(401,708)
Depreciation expense (Note F)	-	-	(340,674)	-	-	(340,674)
Total non-operating revenues	13,927	504,463	108,620	322,836	-	949,846
<b>NET (DECREASE) INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>1,042,155</b>	<b>(3,754,594)</b>	<b>6,582,787</b>	<b>(2,574,798)</b>	<b>-</b>	<b>1,295,550</b>
Net asset Funding (to)/from Clergy Benefit Trust	-	3,700,000	(4,900,000)	1,200,000	-	-
<b>NET ASSETS AVAILABLE FOR BENEFITS:</b>						
<b>BEGINNING OF YEAR (notes A and M)</b>	<b>3,883,983</b>	<b>958,224</b>	<b>38,604,315</b>	<b>10,901,060</b>	<b>-</b>	<b>54,347,582</b>
<b>END OF YEAR</b>	<b>\$ 4,926,138</b>	<b>\$ 903,630</b>	<b>\$ 40,287,102</b>	<b>\$ 9,526,262</b>	<b>\$ -</b>	<b>\$ 55,643,132</b>

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**  
Statement of Activities and Changes in Net Assets Available for Benefits – Regina Cleri Trust  
For the year ended June 30, 2015

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL Regina Cleri Trust</u>
<b>OPERATING REVENUE:</b>				
Room and board assessments	\$ 218,208	\$ -	\$ -	\$ 218,208
Investment returns designated for current operations	55,472	-	-	55,472
Miscellaneous income	1,548	-	-	1,548
Discount of amortization on prepaid rent	135,393	-	-	135,393
Total operating revenue	<u>410,621</u>	<u>-</u>	<u>-</u>	<u>410,621</u>
<b>OPERATING EXPENSES:</b>				
Salaries and related	1,827,160	-	-	1,827,160
Facility rental and related	801,879	-	-	801,879
Food, supplies and other	305,352	-	-	305,352
Utilities and communications	223,776	-	-	223,776
Contract labor	86,934	-	-	86,934
Repairs and maintenance	63,155	-	-	63,155
Total operating expenses	<u>3,308,256</u>	<u>-</u>	<u>-</u>	<u>3,308,256</u>
Changes in net assets from operations	<u>(2,897,635)</u>	<u>-</u>	<u>-</u>	<u>(2,897,635)</u>
<b>NON-OPERATING ACTIVITY:</b>				
Net investment income	114,616	37,769	-	152,385
Gifts, bequests and donations	214,786	-	-	214,786
Grant income	1,000	-	-	1,000
Interest and dividend income	8,952	1,186	-	10,138
Investment return designated for current operations	-	(55,472)	-	(55,472)
Total non-operating activity	<u>339,354</u>	<u>(16,517)</u>	<u>-</u>	<u>322,837</u>
Changes in net assets	<u>(2,558,281)</u>	<u>(16,517)</u>	<u>-</u>	<u>(2,574,798)</u>
Net asset funding from Clergy Benefit Trust	1,200,000	-	-	1,200,000
<b>NET ASSETS, beginning of year</b>	<u>9,510,082</u>	<u>523,926</u>	<u>867,052</u>	<u>10,901,060</u>
<b>NET ASSETS, end of year</b>	<u>\$ 8,151,801</u>	<u>\$ 507,409</u>	<u>\$ 867,052</u>	<u>\$ 9,526,262</u>