



ARCHDIOCESE OF BOSTON
CLERGY FUNDS
ANNUAL REPORT 2011

ARCHDIOCESE OF BOSTON
CLERGY FUNDS BOARD OF TRUSTEES

THE CLERGY
FUNDS

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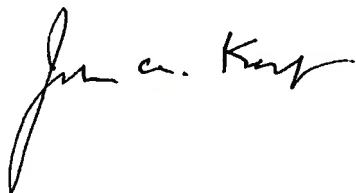
Mr. Kenneth Quigley

Attached is our report for the fiscal year ended June 30, 2011. Included is the Executive Director's report and commentary along with the outside auditor's complete financial report including its opinion.

We are very pleased with the remarkable financial progress the Funds have experienced. This progress is the result of the dedicated and effective work of our small but excellent staff. These efforts succeeded only because of the support of our priests, both active and senior. Thank you. Healthy financials are very important but the quality of life that our priests enjoy is the most important goal of our efforts. Whether it be an improved Regina Cleri experience, prompt answers to health care program questions or related matters, we will do our best to serve you well.

Thank you for your prayers and generous support. May God continue to grant you and your loved ones His many blessings.

On behalf of the Board of Trustees,



John A. Kaneb
Chairperson



Monsignor George Carlson
Vice-Chairperson

ARCHDIOCESE OF BOSTON, CLERGY FUNDS

EXECUTIVE DIRECTOR REPORT

FOR THE YEAR ENDING JUNE 30, 2011

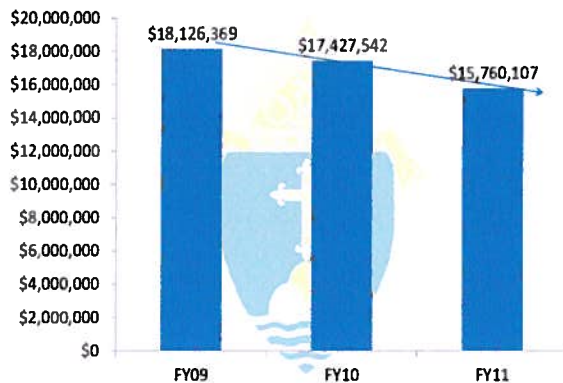
The Archdiocese of Boston, Clergy Funds Board of Trustees is committed to the care and well being of all the incardinated priests of the Archdiocese of Boston, and providing that care in a fiscally responsible transparent way.

The strides that have been made in stabilizing the Clergy Funds have been due primarily to the support of the all the priests, both senior and active. The Clergy Funds provides for the health, welfare and retirement benefits of 683 priests of the archdiocese of Boston. There are 245 senior priests and 438 active priests who receive benefits.

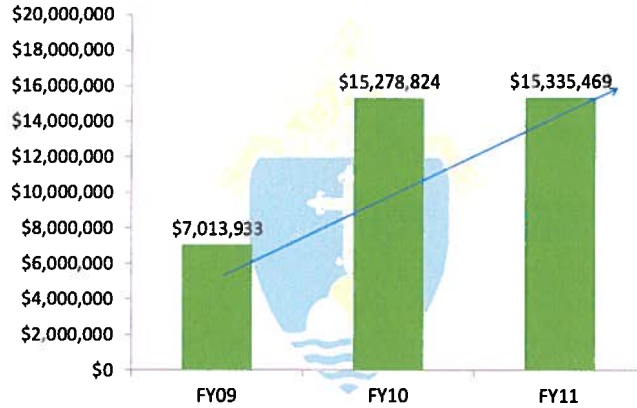
The highlights of Fiscal Year 2011 can be seen in two categories: care improvements and financial.

The financial trend is very encouraging which the attached audited financial statements reflect. Your Clergy Funds had an overall deficit of \$424,638 for fiscal year ending June 30, 2011; a marked improvement from the prior year deficit of \$2,148,700, and the deficit in fiscal year 2009 of \$11,112,436.

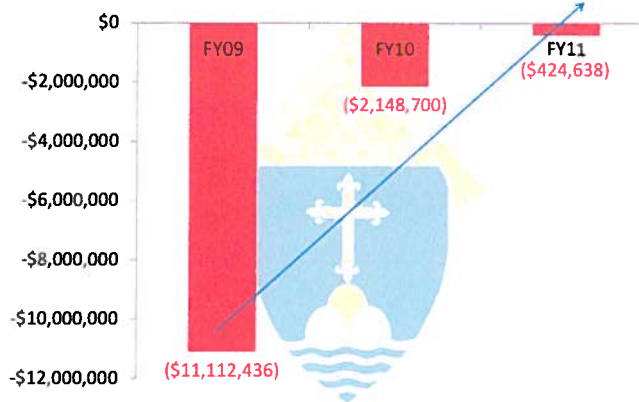
Clergy Funds Expense



Clergy Funds Income



Clergy Funds Overall Deficit



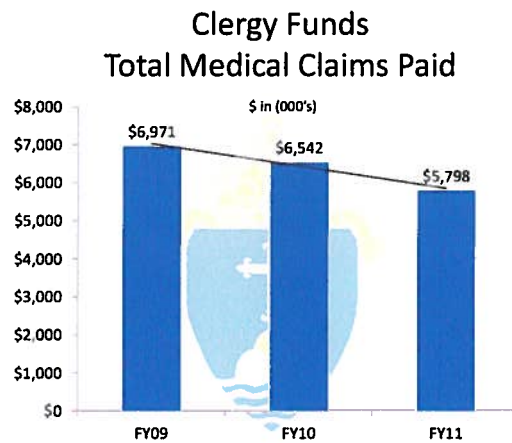
The Clergy Funds follows generally accepted accounting principles. Accordingly, the Clergy Funds financial statements are prepared on an accrual basis of accounting.

To provide the Clergy Funds with confidence that its financial resources are safeguarded and that reliable accounting and financial data are timely, complete, relevant, accurate and fairly disclosed in reports, the Clergy Funds has established a system of internal controls. These internal controls provide the Clergy Funds with financial and accounting records from which financial statements are prepared. The Clergy Funds accounting and finance function maintains oversight over the key areas of the Clergy Funds business and financial processes and controls. In addition, the Clergy Funds' Audit and Finance Committee plays a critical role in the oversight of the internal control structure. This committee meets

with the Clergy Funds management staff and has communication with the Clergy Funds' independent auditors, Grant Thornton.

Management has established and maintains a system of internal controls to provide confidence that material financial information required to be disclosed by the Clergy Funds in its financial statements is recorded, processed, summarized and reported in a timely manner. Management has reviewed the Clergy Funds' current controls and procedures within the past 90 days and believes that such controls and procedures provide reasonable assurance as to the integrity and accuracy of the financial statements, in all material respects. The concept of reasonable assurance is based on the recognition that the cost of controls should not exceed the relative benefit of such controls, and requires estimates and judgment by management.

Our single largest cost, as you might imagine, is our medical plan. In the fiscal year 2011 there was approximately \$6 million spent for the medical care of our priests. The strategy of enrolling more of our priests in Medicare has helped reduce the prior year medical spending by \$900,000.



Although the financial aspect of the Clergy Funds is important, it cannot be the only consideration; the services and benefits provided to our priests must be of the highest quality. The level of benefits provided to our active and senior priests continue to be in the top ten percentile of all dioceses in the United States.

During fiscal year 2011, 118 of our priests were admitted to hospitals and had a hospital stay of 548 days in total. Mary Hanlon, our nurse advocate for priests, visited most of those admitted and coordinated care, respite and transitional services. Additionally, Mary made over 360 visits to priests many of whom benefited from her help in navigating the medical system.

One area of coverage that we strongly encourage our priests to utilize more is the benefit of an annual physical. Of the approximately 700 priests in the Archdiocese there were only 200 that had an annual physical. Certainly the old adage of an ounce of prevention is worth a pound of cure applies.

The Clergy Funds team will continue to encourage healthy lifestyles on a holistic basis for all.

Another highlight of the year continues to be the improvements made to the facility and quality of life at Regina Cleri. Anyone who is in the area should make a point of visiting your fellow brothers living at Regina Cleri; enjoy a meal and the brotherhood that exists there.

The fiscal year 2012 budget for Clergy Funds is projected at breakeven. We continuously strive toward the goal of achieving positive year end results. We also are dedicated to continue to offer the most current services and benefits to our priests.

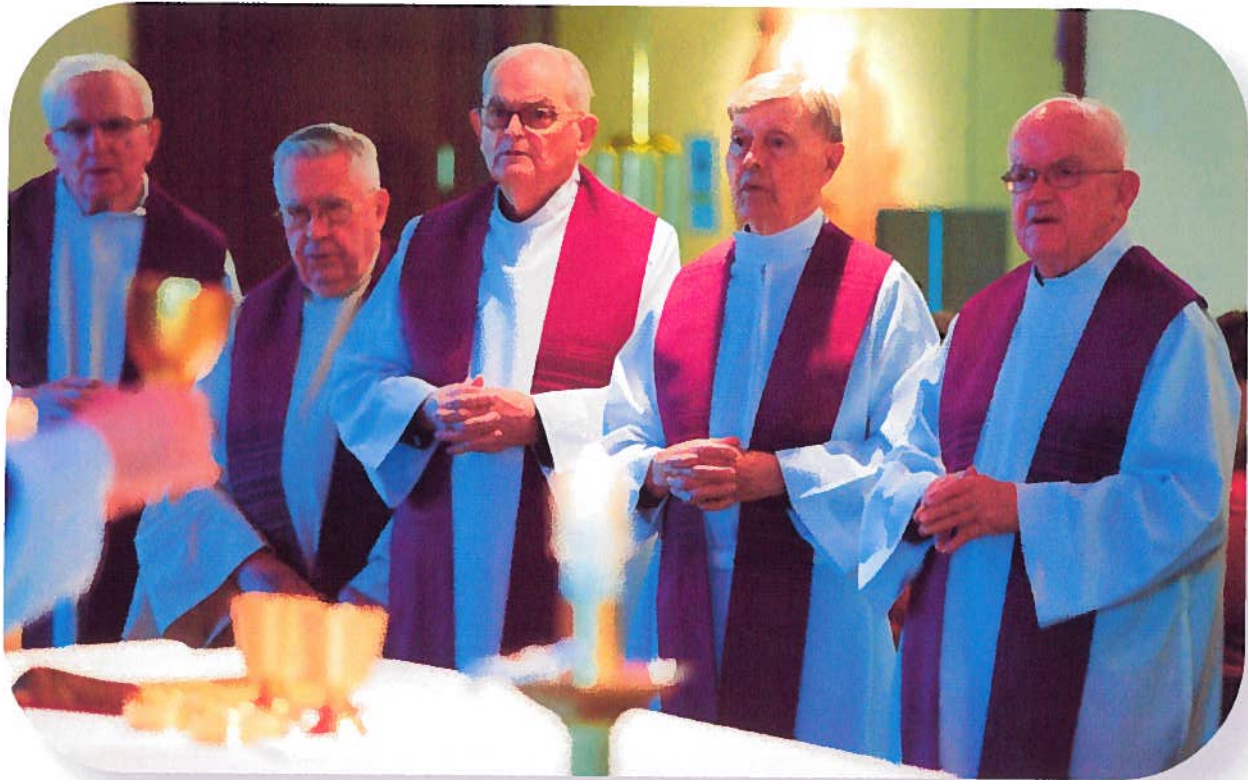
The Clergy Funds team continues to be dedicated to the care and wellbeing of all our priests and is always available to answer any questions you may have.

Thank you for your continued support and belief in the work of the Clergy Funds team,



Joseph D'Arrigo

Executive Director, Clergy Funds



Mission of the Clergy Funds:

*To support and provide services to active and senior
priests of the Archdiocese of Boston*

Combined Financial Statements and Report of
Independent Certified Public Accountants

Archdiocese of Boston Clergy Funds

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

June 30, 2011

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Report of Independent Certified Public Accountants

To the Trustee
Archdiocese of Boston Funds

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

We have audited the accompanying combined statements of net assets available for benefits and of accumulated plan benefits of the Archdiocese of Boston Clergy Funds (the Funds) as of June 30, 2011 and 2010, and the related combined statements of changes in net assets available for benefits and of changes in accumulated plan benefits for the years then ended. These combined financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 combined financial statements are free of material misstatement. An audit 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements, 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 combined financial statements referred to above present fairly, in all material respects, the combined financial status of the Archdiocese of Boston Clergy Funds as of June 30, 2011 and 2010, and the changes in its combined financial status for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Boston, Massachusetts
October 7, 2011

ARCHDIOCESE OF BOSTON CLERGY FUNDS
 Combined Statements of Net Assets Available for Benefits
 June 30, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---|-----------------------------|-----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 14,582,279 | \$ 14,862,904 |
| Investments, at fair value (notes D and H) | 8,251,555 | 8,274,515 |
| Participating entities receivable, net (note E) | 7,100 | 10,000 |
| Accounts receivable, Medicare | 150,000 | 150,000 |
| Accounts receivable, other | 253,001 | 400,738 |
| Land and buildings, net (notes C and F) | 13,780,585 | 14,121,259 |
| Prepaid expenses | 16,175 | - |
| | <u>37,040,695</u> | <u>37,819,416</u> |
| LIABILITIES | | |
| Accounts payable and accrued expenses | 105,895 | 177,406 |
| Deferred lease income (note G) | 3,248,533 | 3,531,105 |
| | <u>3,354,428</u> | <u>3,708,511</u> |
| NET ASSETS AVAILABLE FOR BENEFITS | \$ <u>33,686,267</u> | \$ <u>34,110,905</u> |

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

ARCHDIOCESE OF BOSTON CLERGY FUNDSCombined Statements of Changes in Net Assets Available for Benefits
For the years ended June 30, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|--|----------------------|----------------------|
| ADDITIONS | | |
| Assessments to participating entities | \$ 6,572,883 | \$ 4,917,824 |
| Collections from parishes | 7,071,473 | 6,862,797 |
| Gifts, bequests and donations | 122,820 | 2,066,542 |
| Special event dinner, net of costs of \$209,765 and \$254,328 in 2011 and 2010, respectively | 796,156 | 405,444 |
| Rental income (note G) | 500,000 | 500,000 |
| Medicare reimbursement | 119,836 | 100,000 |
| Interest and dividends | 50,959 | 69,213 |
| Net realized and unrealized gains on investments | 100,742 | 318,043 |
| Miscellaneous income | 600 | 38,961 |
| | <u>15,335,469</u> | <u>15,278,824</u> |
| DEDUCTIONS | | |
| Benefits: | | |
| Medical claims paid | 5,798,017 | 6,540,446 |
| Unassigned and health leave benefits | 473,206 | 411,388 |
| Medex benefits | 31,916 | 190,013 |
| Room and board | 3,319,746 | 4,178,069 |
| Retirement benefits | 3,678,759 | 3,690,712 |
| Disability benefits | 64,323 | 109,327 |
| Legal - estate planning | 45,700 | 17,105 |
| Other expenses | 84,641 | 11,019 |
| | <u>13,496,308</u> | <u>15,148,079</u> |
| Administration: | | |
| Salaries and benefits | 494,975 | 336,475 |
| Service fees (note G) | 427,642 | 355,854 |
| Contract services | 331,350 | 284,153 |
| Plan administrator | 231,359 | 224,045 |
| Professional fees | 185,685 | 255,247 |
| Fundraising expense | 12,643 | 202,896 |
| Interest expense (note G) | 217,428 | 234,872 |
| Depreciation expense (note F) | 340,674 | 340,675 |
| Other administrative expenses | 22,043 | 45,228 |
| | <u>2,263,799</u> | <u>2,279,445</u> |
| Total deductions | <u>15,760,107</u> | <u>17,427,524</u> |
| NET DECREASE | (424,638) | (2,148,700) |
| NET ASSETS AVAILABLE FOR BENEFITS: | | |
| BEGINNING OF YEAR | 34,110,905 | 37,334,605 |
| Net asset transfer to Archdiocese of Boston Non-Incardinated Trust (note G) | <u>-</u> | <u>(1,075,000)</u> |
| END OF YEAR | \$ 33,686,267 | \$ 34,110,905 |

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

ARCHDIOCESE OF BOSTON CLERGY FUNDS
 Combined Statements of Accumulated Plan Benefits
 June 30, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---|-----------------------|-----------------------|
| ACCUMULATED PLAN BENEFIT OBLIGATIONS: | | |
| ACTUARIAL PRESENT VALUE OF ACCUMULATED RETIREMENT PLAN BENEFITS | | |
| Retired and disabled participants currently receiving retirement benefits | \$ 43,049,822 | \$ 46,635,360 |
| Active participants | <u>32,658,301</u> | <u>35,079,215</u> |
| TOTAL ACTUARIAL PRESENT VALUE OF ACCUMULATED RETIREMENT PLAN BENEFITS | <u>75,708,123</u> | <u>81,714,575</u> |
| ACTUARIAL PRESENT VALUE OF OTHER POST-RETIREMENT BENEFIT OBLIGATIONS | | |
| Retired and disabled participants currently receiving health, dental and subsistence benefits | 17,891,099 | 19,451,263 |
| Active participants | <u>26,471,699</u> | <u>24,836,971</u> |
| TOTAL ACTUARIAL PRESENT VALUE OF OTHER POST-RETIREMENT BENEFIT OBLIGATIONS | <u>44,362,798</u> | <u>44,288,234</u> |
| RESERVE FOR HEALTH INSURANCE CLAIMS | | |
| Claims payable and claims incurred but not reported for retired participants | 231,480 | 141,776 |
| Claims payable and claims incurred but not reported for active participants | <u>342,499</u> | <u>502,662</u> |
| TOTAL RESERVE FOR HEALTH INSURANCE CLAIMS | <u>573,979</u> | <u>644,438</u> |
| TOTAL ACCUMULATED PLAN BENEFIT OBLIGATIONS | <u>\$ 120,644,900</u> | <u>\$ 126,647,247</u> |

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

ARCHDIOCESE OF BOSTON CLERGY FUNDS
 Combined Statements of Changes in Accumulated Plan Benefits
 For the year ended June 30, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---|------------------------------|------------------------------|
| ACCUMULATED PLAN BENEFIT OBLIGATIONS AT THE BEGINNING OF YEAR | \$ 126,647,247 | \$ 125,615,207 |
| CHANGES IN ACCUMULATED RETIREMENT PLAN BENEFITS | | |
| Actuarial present value of accumulated retirement plan benefits at beginning of year | <u>81,714,575</u> | <u>83,044,827</u> |
| Decrease during the year attributable to: | | |
| Benefits settled, net | (2,021,751) | (598,931) |
| Increase for interest due to the decrease in the discount period | 4,260,589 | 4,942,389 |
| Benefits paid | (6,906,828) | (7,840,933) |
| Changes in assumptions (note B) | <u>(1,338,462)</u> | <u>2,167,223</u> |
| Net decrease | <u>(6,006,452)</u> | <u>(1,330,252)</u> |
| Actuarial present value of accumulated retirement plan benefits at end of year | <u>75,708,123</u> | <u>81,714,575</u> |
| CHANGES IN OTHER POST-RETIREMENT BENEFIT OBLIGATIONS | | |
| Actuarial present value of other post-retirement benefit obligations at beginning of year | <u>44,288,234</u> | <u>41,828,352</u> |
| Increase (decrease) during the year attributable to: | | |
| Benefits settled, net | (2,695,391) | (139,072) |
| Increase for interest due to the decrease in the discount period | 2,559,985 | 2,679,285 |
| Benefits paid | (1,354,520) | (1,267,201) |
| Changes in assumptions (note B) | <u>1,564,490</u> | <u>1,186,870</u> |
| Net increase | <u>74,564</u> | <u>2,459,882</u> |
| Actuarial present value of other post-retirement benefit obligations at end of year | <u>44,362,798</u> | <u>44,288,234</u> |
| CHANGES IN RESERVE FOR HEALTH INSURANCE CLAIMS | | |
| Reserve for health insurance claims at beginning of year | <u>644,438</u> | <u>742,028</u> |
| Increase (decrease) during the year attributable to: | | |
| Claims reported and approved and claims incurred but not yet reported | 5,727,558 | 6,442,856 |
| Claims paid | <u>(5,798,017)</u> | <u>(6,540,446)</u> |
| Net decrease | <u>(70,459)</u> | <u>(97,590)</u> |
| Reserve for health insurance claims at end of year | <u>573,979</u> | <u>644,438</u> |
| ACCUMULATED PLAN BENEFITS AT THE END OF YEAR | \$ <u>120,644,900</u> | \$ <u>126,647,247</u> |

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

ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements

June 30, 2011 and 2010

NOTE A – NATURE OF ORGANIZATION

The Archdiocese of Boston Clergy Funds (the “Clergy Funds”) 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 who are in good standing within the norms of canon law (“Eligible Priests”). At June 30, 2011 and 2010, the Clergy Funds include 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”), and the Archdiocese of Boston Clergy Medical/Hospitalization Trust (the “Medical Trust”). The Clergy Funds was established for the purpose of generating and providing support for the benefit of Eligible Priests incardinated in the Roman Catholic Archdiocese of Boston, as directed by the Roman Catholic Archbishop of Boston. The Clergy Funds is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective July 1, 2010, the Clergy Funds Board of Trustees adopted new trust agreements for the Funding Trust, Medical Trust and Retirement Trust. These new trust agreements continue the provisions of the existing plans and trusts with added clarification of benefits and provisions.

The Archbishop of Boston, by virtue of his office, is responsible for providing for health, welfare, disability and retirement of Eligible Priests. He also appoints the Board of Trustees of the Clergy Funds in addition to serving 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 Clergy Funds. The Trustees are authorized and empowered to manage the assets of and benefits provided by the Clergy Funds as deemed necessary.

NOTE B - DESCRIPTION OF THE CLERGY FUNDS

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

Funding and Benefits

The Clergy Funds primary source of funding benefits is from contributions, principally from special collections from parishes in the Archdiocese of Boston and health 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 and the Retirement Trust at the discretion of the Trustee. Although the Archbishop of Boston has not expressed any intention to do so, in the event that the Clergy Funds were to be terminated, its funds are not to revert to the participating employers or to be used for any purpose other than the exclusive benefit of the Eligible Priests.

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

Established on July 1, 1974, the Retirement Trust is a noncontributory defined benefit pension plan covering Eligible Priests that provides retirement benefits.

ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements - Continued

June 30, 2011 and 2010

NOTE B - DESCRIPTION OF THE CLERGY FUNDS - Continued

The primary benefits provided by the Funding Trust relate to funding of the Medical Trust, and the Retirement Plan. The Funding Trust pays substantially all benefits for Eligible Priests who are currently on health leave and waiting assignment. 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 also receives 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 \$60 to \$1,289. The monthly room and board benefit ranges from \$600 if living on his own or in a parish to 60% of the total cost of a nursing home or the cost of an assisted-living facility. A priest who has attained at least age 65 may, with the permission of the Roman Catholic Archbishop of Boston, retire early and receive a retirement benefit. Any priest who becomes totally and permanently disabled qualifies for retirement benefit.

Other Post-Retirement Benefits

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

Changes in Assumptions

Retirement and Other Post-Retirement Benefits

The discount rate assumptions related to retirement and to other post-retirement payments were updated to reflect current yields on investment grade corporate bonds and the anticipated timing of future benefit payments.

During the fiscal year 2011, the retirement age assumption for active priests was modified to a table of age based rates ranging from 2% at age 65 to 100% at age 85 and over; the assumption used during fiscal year 2010 was a single retirement age of 72. This is a refinement of the prior assumption, and maintains age 72 as the average age at which active priests commence retirement benefits.

For the 2011 and 2010 IRS Static Tables, mortality for active employees and retirees is based on RP 2000 mortality tables with mortality improvements projected to 2026 for active and 2018 for retired employees and 2025 for active and 2017 for retired employees, for 2011 and 2010 respectively.

ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements - Continued

June 30, 2011 and 2010

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Clergy Funds are described below:

Basis of Accounting

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

Cash and Cash Equivalents

Financial instruments with original maturities of three months or less at the purchase date are classified as cash equivalents. Included in cash equivalents are money market funds and certificates of deposit of \$12,174,449 and money market funds of \$8,552,078 at June 30, 2011 and 2010, respectively.

Clergy Funds 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, Clergy Funds has not experienced any losses as a result of the use of uninsured deposit accounts.

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 of \$8,251,555 at June 30, 2011.

Included in Investments at June 30, 2010 are holdings in the Common Investment Fund, Roman Catholic Archbishop of Boston (the "Common Investment Fund") and the Fixed Income Fund, Roman Catholic Archbishop of Boston (the "Fixed Income Fund"). Both are related organizations established to provide a common investment pools in which catholic organizations in the Archdiocese of Boston participate. The participants own units based upon a per-unit value at the time of purchase. During the year ended June 30, 2011, the Clergy Funds liquidated its investment in the Common Investment Fund and the Fixed Income Fund to reposition the investments in a more conservative instrument free of market volatility due to the nature and intended use of funds.

ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements - Continued

June 30, 2011 and 2010

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Participating Entities Assessments and Receivable

Clergy Funds 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 assessments charged to parishes and related catholic organizations were \$16,800 and \$12,000 per individual priest during fiscal year 2011 and 2010, respectively.

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.

Property Leased to Regina Cleri, Incorporated

Land and buildings purchased from and leased back to Regina Cleri, Incorporated, a related organization, are stated at cost, less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets by using straight-line methods. The estimated useful life of the buildings is 40 years.

On June 30, 2010, these assets were transferred from the Retirement Trust to the Funding Trust for greater flexibility in the manner of funding retirement and health benefits of the Clergy Funds.

Collections from Parishes

Collections from parishes are recognized in the statement of changes in net assets available for benefits as parishes receive the contributions.

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 within one year are recorded at net realizable value. Unconditional promises to give are reported as contributions receivable. Conditional promises to give are not included as support until the conditions are substantially met. There were no conditional promises to give at June 30, 2011 and 2010.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Fundraising

During the years ended June 30, 2011 and 2010, the Funding Trust incurred \$212,256 and \$439,761, respectively in fundraising expense as part of an initiative to increase contributions and collections.

ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements - Continued

June 30, 2011 and 2010

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**Actuarial Present Value of Accumulated Retirement Trust Benefits**

Accumulated retirement plan benefits 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:

| | <u>2011</u> | <u>2010</u> |
|---------------------------------------|----------------------------------|----------------------------------|
| Discount rate | 5.3% | 5.4% |
| Mortality before and after retirement | 2010 IRS Static Mortality Tables | 2010 IRS Static Mortality Tables |
| Retirement age | Age graded tables | 72 |
| Asset valuation | Market value | Market value |
| Retirement benefit | \$1,356 average per month | \$1,240 average per month |
| Cost of living adjustment | None assumed | None assumed |
| Salary increases | N/A | N/A |

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 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 an active clergy's full eligibility date, the post-retirement benefit obligation is the portion of the expected post-retirement benefit obligation that is attributed to that clergy's service rendered to the valuation date.

ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements - Continued

June 30, 2011 and 2010

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

For measurement purposes, an 8.5% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2011 to 2013; the ultimate trend rate was assumed to decrease to 5.0% by 2019. An 8.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2010; the ultimate trend rate was assumed to decrease to 5.0% by 2015 for 2010.

The following were other significant assumptions used in the valuation as of June 30, 2011 and 2010:

| | <u>2011</u> | <u>2010</u> |
|--|-------------------------------------|-------------------------------------|
| Discount rate | 5.65% | 5.80% |
| Retirement age | Age graded tables | 72 |
| Mortality | 2010 IRS Static Mortality Tables | 2010 IRS Static Mortality Tables |
| Effect of 1% increase in healthcare cost trend rate | 610,000 | 578,000 |
| Effect of 1% decrease in healthcare cost trend rate | (489,000) | (465,000) |

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 payable 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

ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements - Continued

June 30, 2011 and 2010

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Taxes

The Clergy Funds 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. In fiscal year 2010, the Clergy Funds adopted guidance recognizing the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Clergy Funds' management has reviewed the tax positions for open periods and determined that no provision for income tax is required in the Clergy Funds' 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 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.

Reclassifications

Certain reclassifications have been made to the 2010 financial statements to conform to the current year presentation.

NOTE D - INVESTMENTS

Investments consist of the following at June 30:

| | <u>2011</u> | <u>2010</u> |
|------------------------|---------------------|---------------------|
| Short-term investments | \$ 8,251,555 | \$ - |
| Common Investment Fund | - | 918,154 |
| Fixed Income Fund | - | <u>7,356,361</u> |
| | <u>\$ 8,251,555</u> | <u>\$ 8,274,515</u> |

ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements - Continued

June 30, 2011 and 2010

NOTE D – INVESTMENTS - Continued

During the reporting periods, the Clergy Funds investments appreciated (depreciated) in value as follows:

| | Year ended June 30 | |
|------------------------|--------------------|-------------------|
| | <u>2011</u> | <u>2010</u> |
| Common Investment Fund | \$ - | \$ 66,191 |
| Fixed Income Fund | <u>100,742</u> | <u>251,852</u> |
| | <u>\$ 100,742</u> | <u>\$ 318,043</u> |

NOTE E - PARTICIPATING ENTITIES RECEIVABLE

Participating entities receivable consist of the following at June 30:

| | <u>2011</u> | <u>2010</u> |
|-----------------------------------|-----------------|------------------|
| Assessments receivable | \$ 96,313 | \$ 49,047 |
| Less Allowance for uncollectibles | <u>(89,213)</u> | <u>(39,047)</u> |
| | <u>\$ 7,100</u> | <u>\$ 10,000</u> |

NOTE F – LAND AND BUILDINGS

Land and buildings consists of the following at June 30:

| | <u>2011</u> | <u>2010</u> |
|-------------------------------|----------------------|----------------------|
| Land | \$ 4,036,578 | \$ 4,036,578 |
| Land improvements | <u>529,925</u> | <u>529,925</u> |
| Building | <u>10,551,225</u> | <u>10,551,225</u> |
| Building improvements | <u>1,903,727</u> | <u>1,903,727</u> |
| | <u>17,021,455</u> | <u>17,021,455</u> |
| Less accumulated depreciation | <u>3,240,870</u> | <u>2,900,196</u> |
| | <u>\$ 13,780,585</u> | <u>\$ 14,121,259</u> |

ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements - Continued

June 30, 2011 and 2010

NOTE G - RELATED PARTY TRANSACTIONS

Deferred Lease Income, Regina Cleri Incorporated

In July 1999, the Clergy Funds purchased retirement homes and land for \$16.2 million from Regina Cleri, Incorporated, a related organization, which operates a retirement home for priests. The purchase was financed by the assumption of Regina Cleri, Incorporated's debt of \$10.5 million, and by executing a leaseback agreement with Regina Cleri, Incorporated for 20 years, which was valued at \$5.7 million. Simultaneous with the transaction, Clergy Funds retired the \$10.5 million of debt it had assumed. Under the leaseback agreement Regina Cleri, Incorporated continues to operate the retirement home for priests.

The net present value of the leaseback agreement was recorded as deferred lease income and is being amortized into income over the 20-year term of the agreement.

Future lease income, by year, along with the related net present value at June 30, 2011 is as follows:

| <u>Year ending June 30</u> | |
|---|---------------------|
| 2012 | \$ 500,000 |
| 2013 | 500,000 |
| 2014 | 500,000 |
| 2015 | 500,000 |
| 2016 | 500,000 |
| Later years | <u>1,708,333</u> |
| | 4,208,333 |
| Less amounts representing interest | <u>959,800</u> |
| Present value of deferred lease income at June 30, 2011 | <u>\$ 3,248,533</u> |

Rental income under the leaseback agreement totaled \$500,000 for each of the years ended June 30, 2011 and 2010. Interest expense imputed on the lease obligation was \$217,428 and \$234,872 for the year ended June 30, 2011 and 2010, respectively.

Service Fees

A service fee based on the level of efforts provided for administrative, technology and clerical services is charged to the Clergy Funds by the Roman Catholic Archbishop of Boston, A Corporation Sole ("Corporation Sole"). The fees charged for the years ended June 30, 2011 and 2010 were \$427,642 and \$355,854, respectively.

Consulting Fees

A member of management was previously a contractor for a consulting firm used by the Clergy Funds. At June 30, 2011, this individual was owed certain deferred compensation by the firm for past services provided. Total fees paid to this consulting firm for the years ended June 30, 2011 and 2010 were \$81,250 and \$76,750, respectively.

ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements - Continued

June 30, 2011 and 2010

NOTE G - RELATED PARTY TRANSACTIONS - Continued

Transfer to Non-Incardinated Trust

During the year ended June 30, 2010, the Clergy Funds Trustee authorized the transfer of \$1,075,000, to the Archdiocese of Boston Benefit Trust for Non-Incardinated Priests Duly Assigned for Service in the Archdiocese of Boston, a related plan to fund the future pension obligations of non-incardinated priests duly assigned for service in the Archdiocese of Boston.

Effective with the Clergy Funds July 1, 2010 new trust agreements, it is not expected that there will be further transfers of funds to support the Non-Incardinated Trust.

NOTE H - FAIR VALUE MEASUREMENTS

The Clergy Funds 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 Clergy Funds 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.

The Clergy Funds' investments of \$8,251,555 and \$8,274,515 at June 30, 2011 and 2010, respectively, are classified as Level 2 in the fair value hierarchy.

In accordance with terms of the agreement with the Common Investment Fund, Clergy Funds may purchase or redeem shares on the opening of business on the first day of a calendar quarter units in the Fund at the net asset value at the close of business on the immediately preceding business day.

During the year ended June 30, 2011, the Clergy Funds liquidated its investment in the Common Investment Fund and the Fixed Income Fund to reposition the investments in a more conservative instrument free of market volatility due to the nature and intended use of funds.

NOTE I - FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK

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

The Clergy Funds may invest in related investment funds (see note D). Investments are exposed to various risks such as interest rate, market, and credit risks.

Plan contributions are made and 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 employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would affect the financial statements.

ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements - Continued

June 30, 2011 and 2010

NOTE J - REPORTING AND DISCLOSURE BY CORPORATION SOLE

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

This Clergy Funds is the retirement vehicle for the Eligible priests assigned to the Roman Catholic Archdiocese of Boston. Accordingly, the financial reporting of Corporation Sole as the employer of these priests, includes corresponding accounting and financial disclosures relating to the Clergy Funds' retirement and other post-retirement benefits.

The primary objective of the employers' financial disclosure is to provide information about plan assets, obligations, cash flow and net cost to assist readers in assessing the market risk of the Clergy Funds, the amount and timing of cash flows, and reported financial results of the Corporation Sole.

NOTE K - SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 7, 2011, which is the date the financial statements were available to be issued. There were no subsequent events that would require recognition or additional disclosure in the Plan's financial statements.

SUPPLEMENTAL INFORMATION



Independent Auditors' Report

To the Trustee
Archdiocese of Boston Funds

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining statements of net assets available for benefits for the years ended June 30, 2011 and 2010 and the related combining statements of changes in net assets available for benefits for the years then ended is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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.

Grant Thornton LLP

Boston, Massachusetts
October 7, 2011

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

ARCHDIOCESE OF BOSTON CLERGY FUNDS
Combining Statements of Net Assets Available for Benefits
June 30, 2011

| | <u>MEDICAL TRUST</u> | <u>RETIREMENT TRUST</u> | <u>FUNDING TRUST</u> | <u>TOTAL CLERGY FUNDS</u> |
|--|--------------------------|-----------------------------|--------------------------|-----------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,096,263 | \$ 2,857,325 | \$ 10,628,691 | \$ 14,582,279 |
| Investments, at fair value | 500,055 | 1,750,191 | 6,001,309 | 8,251,555 |
| Participating entities receivable, net | 7,100 | - | - | 7,100 |
| Accounts receivable, Medicare | 150,000 | - | - | 150,000 |
| Accounts receivable, other | 16,409 | - | 236,592 | 253,001 |
| Land and buildings, net | - | - | 13,780,585 | 13,780,585 |
| Prepaid expenses | - | - | 16,175 | 16,175 |
| Total assets | <u>1,769,827</u> | <u>4,607,516</u> | <u>30,663,352</u> | <u>37,040,695</u> |
| LIABILITIES | | | | |
| Accounts payable and accrued expenses | 40,863 | - | 65,032 | 105,895 |
| Deferred lease income | - | - | 3,248,533 | 3,248,533 |
| Total liabilities | <u>40,863</u> | <u>-</u> | <u>3,313,565</u> | <u>3,354,428</u> |
| NET ASSETS AVAILABLE FOR BENEFITS | <u>\$ 1,728,964</u> | <u>\$ 4,607,516</u> | <u>\$ 27,349,787</u> | <u>\$ 33,686,267</u> |

ARCHDIOCESE OF BOSTON CLERGY FUNDS
Combining Statements of Net Assets Available for Benefits
June 30, 2010

| | <u>MEDICAL TRUST</u> | <u>RETIREMENT TRUST</u> | <u>FUNDING TRUST</u> | <u>TOTAL CLERGY FUNDS</u> |
|--|--------------------------|-----------------------------|--------------------------|-----------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,015,106 | \$ 1,267,908 | \$ 12,579,890 | 14,862,904 |
| Investments, at fair value | - | 6,904,085 | 1,370,430 | \$ 8,274,515 |
| Participating entities receivable, net | 10,000 | - | - | 10,000 |
| Accounts receivable, Medicare | 150,000 | - | - | 150,000 |
| Accounts receivable, other | - | 64,775 | 335,963 | 400,738 |
| Land and buildings, net | - | - | 14,121,259 | 14,121,259 |
| Prepaid expenses | - | - | - | - |
| Due from/(to) related organizations | - | 189,156 | (189,156) | - |
| Total assets | <u>1,175,106</u> | <u>8,425,924</u> | <u>28,218,386</u> | <u>37,819,416</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts payable and accrued expenses | - | 126,520 | 50,886 | 177,406 |
| Deferred lease income | - | - | 3,531,105 | 3,531,105 |
| Total liabilities | <u>-</u> | <u>126,520</u> | <u>3,581,991</u> | <u>3,708,511</u> |
| NET ASSETS AVAILABLE FOR BENEFITS | <u>\$ 1,175,106</u> | <u>\$ 8,299,404</u> | <u>\$ 24,636,395</u> | <u>\$ 34,110,905</u> |

ARCHDIOCESE OF BOSTON CLERGY FUNDS

Combining Statements of Changes in Net Assets Available for Benefits
For the year ended June 30, 2011

| | <u>MEDICAL TRUST</u> | <u>RETIREMENT TRUST</u> | <u>FUNDING TRUST</u> | <u>TOTAL CLERGY FUNDS</u> |
|--|--------------------------|-----------------------------|--------------------------|-----------------------------------|
| ADDITIONS | | | | |
| Assessments to participating entities | \$ 6,522,656 | \$ - | \$ 50,227 | \$ 6,572,883 |
| Collections from parishes | - | - | 7,071,473 | 7,071,473 |
| Gifts, bequests and donations | 500 | 1,460 | 120,860 | 122,820 |
| Special event dinner, net of \$209,765 costs | - | - | 796,156 | 796,156 |
| Rental income | - | - | 500,000 | 500,000 |
| Medicare reimbursement | 119,836 | - | - | 119,836 |
| Interest and dividends | 1,700 | 11,913 | 37,346 | 50,959 |
| Net realized and unrealized gains on investments | - | 60,113 | 40,629 | 100,742 |
| Miscellaneous income | - | - | 600 | 600 |
| | <u>6,644,692</u> | <u>73,486</u> | <u>8,617,291</u> | <u>15,335,469</u> |
| DEDUCTIONS | | | | |
| Benefits: | | | | |
| Claims paid | 5,798,017 | - | - | 5,798,017 |
| Unassigned and health leave benefits | - | - | 473,206 | 473,206 |
| Medex benefits | - | - | 31,916 | 31,916 |
| Room and board | - | - | 3,319,746 | 3,319,746 |
| Retirement benefits | - | 3,678,759 | - | 3,678,759 |
| Disability benefits | - | 64,323 | - | 64,323 |
| Legal - estate planning | - | - | 45,700 | 45,700 |
| Other expenses | 50,168 | - | 34,473 | 84,641 |
| | <u>5,848,185</u> | <u>3,743,082</u> | <u>3,905,041</u> | <u>13,496,308</u> |
| Administration: | | | | |
| Salaries and benefits | - | - | 494,975 | 494,975 |
| Service fees | - | - | 427,642 | 427,642 |
| Contract services | - | - | 331,350 | 331,350 |
| Plan administrator | 231,359 | - | - | 231,359 |
| Professional fees | 11,290 | 22,292 | 152,103 | 185,685 |
| Fundraising expense | - | - | 12,643 | 12,643 |
| Interest expense | - | - | 217,428 | 217,428 |
| Depreciation expense | - | - | 340,674 | 340,674 |
| Other administrative expenses | - | - | 22,043 | 22,043 |
| | <u>242,649</u> | <u>22,292</u> | <u>1,998,858</u> | <u>2,263,799</u> |
| Total deductions | <u>6,090,834</u> | <u>3,765,374</u> | <u>5,903,899</u> | <u>15,760,107</u> |
| NET (DECREASE) INCREASE | 553,858 | (3,691,888) | 2,713,392 | (424,638) |
| NET ASSETS AVAILABLE FOR BENEFITS: | | | | |
| BEGINNING OF YEAR | <u>1,175,106</u> | <u>8,299,404</u> | <u>24,636,395</u> | <u>34,110,905</u> |
| END OF YEAR | <u>\$ 1,728,964</u> | <u>\$ 4,607,516</u> | <u>\$ 27,349,787</u> | <u>\$ 33,686,267</u> |

ARCHDIOCESE OF BOSTON CLERGY FUNDS

Combining Statements of Changes in Net Assets Available for Benefits
For the year ended June 30, 2010

| | <u>MEDICAL TRUST</u> | <u>RETIREMENT TRUST</u> | <u>FUNDING TRUST</u> | <u>TOTAL CLERGY FUNDS</u> |
|--|--------------------------|-----------------------------|--------------------------|-----------------------------------|
| ADDITIONS | | | | |
| Assessments to participating entities | \$ 6,684,057 | \$ (1,367,201) | \$ (399,032) | \$ 4,917,824 |
| Collections from parishes | - | - | 6,862,797 | 6,862,797 |
| Gifts, bequests and donations | 26,456 | 1,298,766 | 741,320 | 2,066,542 |
| Special event dinner, net of \$254,328 costs | - | - | 405,444 | 405,444 |
| Rental income | - | 500,000 | - | 500,000 |
| Medicare reimbursement | 100,000 | - | - | 100,000 |
| Interest and dividends | - | 37,372 | 31,841 | 69,213 |
| Net realized and unrealized gains on investments | - | 183,473 | 134,570 | 318,043 |
| Miscellaneous income | 13,693 | 7,248 | 18,020 | 38,961 |
| | <u>6,824,206</u> | <u>659,658</u> | <u>7,794,960</u> | <u>15,278,824</u> |
| DEDUCTIONS | | | | |
| Benefits: | | | | |
| Claims paid | 6,540,446 | - | - | 6,540,446 |
| Unassigned and health leave benefits | - | - | 411,388 | 411,388 |
| Medex benefits | - | - | 190,013 | 190,013 |
| Room and board | - | 4,055,169 | 122,900 | 4,178,069 |
| Retirement benefits | - | 3,690,712 | - | 3,690,712 |
| Disability benefits | - | 109,327 | - | 109,327 |
| Legal - estate planning | - | - | 17,105 | 17,105 |
| Other expenses | (81,035) | - | 92,054 | 11,019 |
| | <u>6,459,411</u> | <u>7,855,208</u> | <u>833,460</u> | <u>15,148,079</u> |
| Administration: | | | | |
| Salaries and benefits | 121,187 | 50,495 | 164,793 | 336,475 |
| Service fees | 135,877 | 97,266 | 122,711 | 355,854 |
| Contract services | - | - | 284,153 | 284,153 |
| Plan administrator | 224,045 | - | - | 224,045 |
| Professional fees | 10,486 | 110,495 | 134,266 | 255,247 |
| Fundraising expense | - | - | 202,896 | 202,896 |
| Interest expense | - | 234,872 | - | 234,872 |
| Depreciation expense | - | 340,675 | - | 340,675 |
| Other administrative expenses | - | - | 45,228 | 45,228 |
| | <u>491,595</u> | <u>833,803</u> | <u>954,047</u> | <u>2,279,445</u> |
| | <u>6,951,006</u> | <u>8,689,011</u> | <u>1,787,507</u> | <u>17,427,524</u> |
| NET (DECREASE) INCREASE | (126,800) | (8,029,353) | 6,007,453 | (2,148,700) |
| NET ASSETS AVAILABLE FOR BENEFITS: | | | | |
| BEGINNING OF YEAR | 301,906 | 29,918,911 | 7,113,788 | 37,334,605 |
| Net asset transfer from (to) related organizations | - | (10,590,154) | 10,590,154 | - |
| Net asset Funding (to)/from Clergy Benefit Trust (to) related organizations | 1,000,000 | (3,000,000) | 2,000,000 | - |
| Net asset transfer to Archdiocese of Boston Non-Incardinated Priests Duly Assigned for Service | - | - | (1,075,000) | (1,075,000) |
| END OF YEAR | <u>\$ 1,175,106</u> | <u>\$ 8,299,404</u> | <u>\$ 24,636,395</u> | <u>\$ 34,110,905</u> |