



# 2019 Annual Report

The Clergy Health and Retirement Trust  
Archdiocese of Boston







Clergy Health and Retirement Trust  
Healthier Priests. Stronger Communities.

Dear Fathers and Brother Priests,

We are pleased to send you the Fiscal Year 2019 Report for the Clergy Health and Retirement Trust (CHRT). The Executive Director's report and commentary are included, along with the outside auditor's report.

Please know you have a committed Board of Trustees and a highly competent staff in your service.

Whether active or senior, every day you serve our communities, both within and beyond the boundaries of our parishes. It is the mission of CHRT to ensure your health and well-being so that you may continue this important work. CHRT offers preventive health and wellness programs, provides one-on-one support and advocacy to priests with health concerns, and operates Regina Cleri. This is done to ensure that you are cared for throughout your active and senior priesthood.

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,

Mark Vachon  
Chairman

Reverend Monsignor Dennis Sheehan  
Vice-Chairman

BOARD OF TRUSTEES

Mr. Mark Vachon  
*Chair*

Rev. Msgr. Dennis Sheehan  
*Vice-Chair*

Most Rev. Mark O'Connell

Very Rev. Brian Kiely

Very Rev. Bryan Parrish

Ms. Ann Carter

Mr. Charles I. Clough, Jr.

Mr. C. Michael Daley

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Mr. Michael P. Shaughnessy

Ms. Jean Tempel

TRUSTEES EMERITUS

Mr. John A. Kaneb

Rev. Gerard Petringa

# Clergy Health and Retirement Trust Programs

1

**The Intentional Living Program** provides preventive health and wellness programs for the 352 active and 212 senior priests of the Archdiocese Boston.

2

**The Care Team** offers one-on-one support and advocacy to priests with health concerns, particularly as they navigate the healthcare system.

3

**Regina Cleri** cares for senior priests in a state-of-the-art facility where they can continue living their faith in community.





## Joseph D'Arrigo, Executive Director

### Executive Summary

The Clergy Health and Retirement Trust (the “Fund” or “CHRT”) was established to ensure the health, welfare, and retirement needs of you – our eligible active and senior priests of the Archdiocese of Boston. In fiscal year 2019, your Funds covered **212** senior and **352** 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 retire, the finances will be there to provide the same level of benefits that the retirees are receiving today. We are as concerned about your future needs, as we are with meeting current commitments.

The financial strategic plan that was shared with you these last few years continues to guide us in our daily operations. The high points of the plan were:

- Maintain or increase the level of funds received from the three collections and the Celebration of Priest Dinner
- Add \$40 million to the operating reserve.

The objective of these goals is to ensure that the men retiring in the future will have a sense of security that there will be enough funds to maintain the level of benefits your brothers are receiving today.

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Ms. Jean Tempel

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Mr. John A. Kaneb

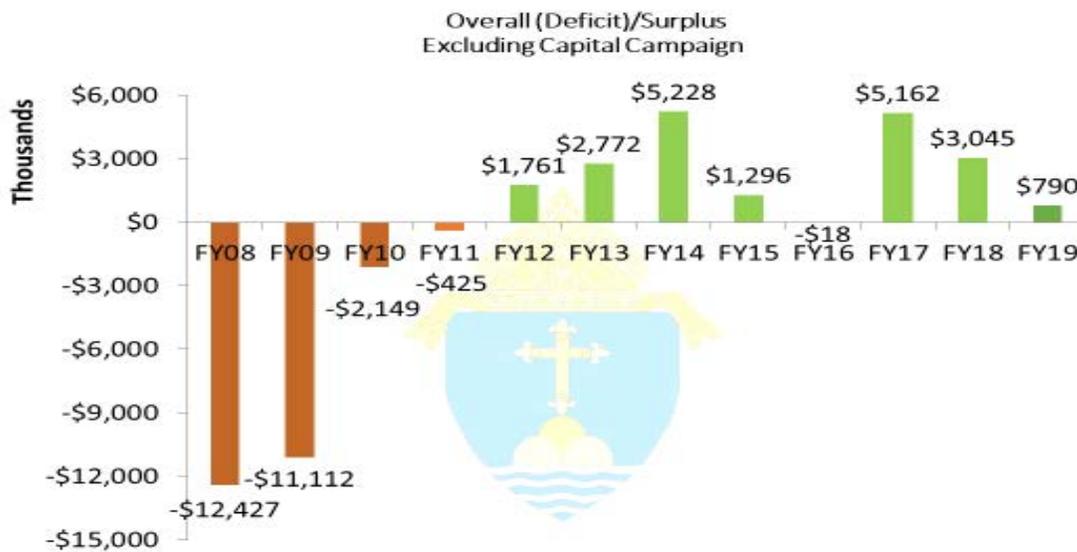
Rev. Gerard Petringa



While these goals are still valid today, current conditions emerging throughout the Archdiocese, make their achievement a daunting task. The future sustainability of the funds will require new approaches and your support.

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 2019 Highlights**



\* FY13, FY14 and a portion of FY15 CHRT did not provide room & board payments and operational support for Regina Cleri, Inc.  
 \*\*FY15 Reflects the first year of the CHRT including Regina Cleri

Last year’s overall financial results were positive. The positive results were mainly a function of the return on investments of approximately 4%. This resulted in an overall surplus of approximately \$780,000, excluding the capital campaign.

The challenge, however, is the deficit position of the operations. The change in operations was a disappointing \$1.7 million loss. The operating revenue was down from prior year by \$250,000 and operating expenses were up \$850,000. This resulted in an operating loss of \$1.1 million greater than the last fiscal year. The concern remains that this is the 2<sup>nd</sup> year we have seen an operating loss. As more priests leave active ministry and enter senior status, the challenge to maintain positive operating results continues. We must constantly be monitoring the sources and uses of funds.

The focus must remain on operating results. Non-operating revenues, including CHRT investments, are an operating reserve that is set aside for the future payments for men currently in active ministry.

Gifts & bequests have also been a major component in adding to the assets available for future benefits. Most of the 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 will follow them.

Also, with the addition of the of the St. John Vianney Society 125 priests donated a total of \$83,965; showing the confidence and trust in the Fund to care for their brothers.

We received \$7,766,000 from the three parish collections and the Celebration of Priesthood dinner. Currently, the cost for senior priests is \$9.5 million per year. The remaining portion of the senior priests' cost is covered through the medical insurance assessment that also covers the cost of the 352 active priests.

This year our medical expenses increased by \$275,000. We continue to see the increase in costs attributable to lifestyle illness and more severe illnesses that lead to long term inpatient care. This is of concern. The health and welfare of the priests are of paramount importance to the fund.

The financial statements also include capital campaign contributions of \$3.3 million.

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

During the past year the emphasis has been placed on **Intentional Living**. This program is based on the need for each of us to care for ourselves so we can care for others.

We have adopted a focus: **YOUR HEALTH ...OUR BUSINESS**

The first phase has been to encourage each priest to access the tools that would make them aware of the critical factors that influence their health: sleep, nutrition and exercise. Fitbits and electronic scales have been distributed to 170 priests. Many have started using these tools for awareness of the factors affecting their health. These tools are meant to make one aware of the essentials for good health.

The pressures of daily life make us all vulnerable to developing health habits that affect every aspect of our lives. These tools, when used, and action is taken, will help to modify everyday life in small ways which can make a big difference.

In addition to providing the tools for your use, we are also providing a Care Team dedicated to supporting your health. The Care Team has been formalized and includes the Director of Regina Cleri, the Nursing Supervisor of Regina Cleri, the Wellness Coordinator, and the Senior Care Manager. They meet every two weeks to discuss the care of the priests that they are currently working with. In addition, they explore ways to engage priests to use all the resources that are available. This collaboration has proven to be very effective in delivering the most appropriate care to our priests.

The Team has added a resource for all diabetics to help cope with their disease management. We now offer a three-day intensive with **Joslin Diabetes Center** for any diabetic that qualifies and is interested. The total cost of \$4,560 is covered by the plan, so there is no cost to the priest.

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

- \$10,204,000 benefits to priests
- \$3,181,000 for Regina Cleri Residence operations

In addition, two comprehensive wellness seminars and a retreat week were held during the fiscal year and were attended by 70 priests. The seminars introduce a new evening format with time for dinner and fraternity. The topics were as follows:

- Living an Intentional Life
- Preparing to be a Senior Priest
- Retreat: The Examen: Coping with Today's Reality

### **Looking Ahead:**

This coming year, we will continue to support you through the wellness programs, in addition to seminars that meet the daily needs of the priests.



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The **Intentional Living** program has been expanded to include Kate Marshall, a Wellness Coordinator who will develop informational newsletters that will help raise awareness for our priests. Kate is available for consultation to any priest, active or retired, that is interested in learning more about the resources available to them.

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 and quality of life thereby enabling priests to dedicate their later years to their lifelong commitment to the priesthood.

Regina Cleri is presently undergoing a major facility improvement that will add 10 rooms for residents, replace all essential infrastructure equipment (kitchen, laundry, plumbing), upgrade the dining room, gathering spaces, public bathrooms, elevators and outside space as well as adding a new egress from the chapel. The chapel renovation has been completed, allowing all our priests the ability to participate fully in the sacrifice of the mass.

The renovations are being funded by a capital campaign. To date \$6.4 million has been committed by donors to this \$7.7 million project. The hope is to have this fully funded by completion date of March 2020.

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. The Funds are experiencing financial challenges as the number of active priests declines, the number of priests on health leave increases, and the number of retirees remains relatively steady. All these factors put stress on the Funds. Your help is greatly appreciated.



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We will continue to keep all priests informed and be transparent in all dealings with you. This will be accomplished, as it has been in the past, by attending vicariate meetings and individual meetings with pastors and priests.

The majority of funding comes from your parishioners through the three collections, Christmas, Easter, September and the Celebration of Priesthood dinner. We know your parishioners 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. A strong case can be made at these collections for their support.

It may seem self-serving and feel uncomfortable, however, people respond when asked.

Over the past several years, a number of your brother priests have left bequests to CHRT. In fact, last fiscal year there was almost \$1,080,000 contributed in the form of bequests and individual gifts. Approximately half 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 2020 shows an overall deficit. In the past, we've been blessed by generous gifts, bequests and investment returns, which have led to a surplus. We cannot do this without your leadership, and we are grateful for any contribution you can make to support it.

Please consider joining the St. John Vianney Society and /or the Salve Regina Society.

We ask your prayers for our staff as we pray for your wellbeing.

God Bless,

A handwritten signature in blue ink that reads "Joseph D'Arrigo".

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

# *Salve Regina Legacy Society*

*As of November 5, 2019*

*Anonymous (4)*

*Laurence J. Borges*

*Charles Bourque*

*George F. Carlson*

*John F. Carmichael*

*Peter J. Casey*

*Edwin D. Condon*

*John G. Connolly*

*Leonard A. Coppentrath*

*Henry M. Cunney*

*Richard S. DeVeer*

*James W. DeAdder*

*Dennis A. Dever*

*George P. Evans*

*Michael E. Groden*

*Richard R. Gosselin*

*John M. Hannon*

*George G. Hogan*

*J. Michael Lawlor*

*John R. Lizio*

*Paul V. MacDonald*

*Francis J. McGann*

*James J. McGowan*

*Frederick R. McGowan*

*Patrick J. McLaughlin*

*Martin J. McNulty*

*Cornelius McRae*

*Maurice P. Meade*

*John A. Murray*

*Frederick W. O'Brien*

*William J. O'Connor*

*John F. O'Donnell*

*Francis G. O'Sullivan*

*Alfonso G. Palladino*

*Richard J. Perron*

*James H. Riley*

*Lawrence J. Riley*

*Stephen B. Rock*

*Laurence J. Rondeau*

*John J. Shea*

*Paul S. Sughrue*

*James E. Tierney*

*Thomas F. Wyndham*

# *Saint John Vianney Society*

*\*As of November 5, 2019*

*Anonymous (1)*

*Michael A.J. Alfano*

*Shawn W. Allen*

*Emilio S. Alluè*

*Jeffrey S. Archer*

*Ronald A. Barker*

*Raymond P. Benoit*

*Robert M. Blaney*

*Derek J. Borek*

*Charles E. Bourke*

*Robert M. Browne*

*James G. Burke*

*George J. Butera*

*Allan L.W. Butler*

*Robert J. Butler*

*David P. Callahan*

*Kenneth V. Cannon*

*George F. Carlson*

*John F. Carmichael*

*Walter A.M. Carreiro*

*Peter J. Casey*

*Richard L. Casey*

*Brian M. Clary*

*Donald P. Clifford*

*Francis J. Cloberty*

*Peter V. Conley*

*John J. Connelly*

*Albert J. Contons*

*Richard C. Conway*

*Roger C. Cormier*

*Richard P. Cornell*

*William D. Coughlin*

*Ronald D. Coyne*

*Richard P. Crowley*

*William F. Cuddy*

*Robert J. Cullen*

*John P. Culloty*

*Francis E. Daley*

*Francis J. Daly*

*James F. Darcy*

*Robert J. Deehan*

*Kevin J. Deeley*

*Donald R. Delay*

*Mark G. Derrane*

*Richard S. DeVeer*

*James M. DiPerri*

*Henry F. Doherty*

*Thomas S. Domurat*

*Joseph J. D'Onofrio*

*Stephen S. Donohoe*

*Thomas P. Donohoe*

*Arthur J. Driscoll*

*George F. Emerson*

*Richard M. Erikson*

*George P. Evans*

*William P. Fay*

*Patrick J. Fiorillo*

*Thomas S. Foley*

*Paul V. Garrity*

*Baldemar Garza*

*Vincent J. Gianni*

*J. Thomas Gignac*

*John J. Grimes*

*Rocco M. Guarino*

*John J. Healy*

*Joseph M. Hennessey*

*Kevin T. Hickey*

*George G. Hogan*

*William P. Joy*

*Joseph M. Kane*

*Francis H. Kelley*

*Robert T. Kickham*

*Brian R. Kiely*

*Charles R. Kinsella*

*William T. Kremmell*

*John M. Lawlor*

*Kevin P. Leaver*

*William T. Leonard*

# *Saint John Vianney Society*

*\*As of November 5, 2019*

*Joseph G. Lind*

*Paul V. MacDonald*

*John E. MacInnis*

*Arthur T. MacKay*

*Daniel D. Magni*

*Daniel J. Mahoney*

*James M. Mahoney*

*Leo E. Martel*

*Daniel P. McCoy*

*Joseph P. McDermott*

*Edward C. McDonagh*

*John P. McDonough*

*John W. McElroy*

*Laurence W. McGrath*

*Brian J. McHugh*

*Michael J. McNamara*

*Cornelius M. McRae*

*Vincent P. Mellone*

*Paul E. Miceli*

*Adrian A. Milik*

*Robert T. Milling*

*John F. Mulloy*

*John R. Mulvehill*

*William F. Murphy*

*John A. Murray*

*Thomas F. Nestor*

*Henry P. Nichols*

*John J. Nichols*

*Michael L. Nolan*

*Mark L. Noonan*

*Mark O'Connell*

*Maurice J. O'Connor*

*David M. O'Leary*

*James E. O'Leary*

*William B. Palardy*

*Louis R. Palmieri*

*John V Paris*

*Bryan K. Parrish*

*Gerard Petringa*

*Thomas J. Powers*

*Oscar J. Pratt*

*Peter F. Quinn*

*Joseph K. Raeka*

*James F. Rafterty*

*Thomas S. Rafterty*

*Thomas J. Reilly*

*Daniel J. Riley*

*Edward M. Riley*

*Israel J. Rodriguez*

*James J. Ronan*

*Lawrence J. Rondeau*

*Charles E. Salamone*

*Albert J. Saltese*

*William F. Salmon*

*Stephen E. Salocks*

*James W. Savage*

*Joseph F. Scorzello*

*Timothy J. Shea*

*Dennis F. Sheehan*

*Frank J. Silva*

*Robert P. Soucy*

*Gerald A. Souza*

*Ronald L. St. Pierre*

*Paul S. Saghrae*

*Eugene P. Sullivan*

*Peter J. Uglietto*

*Victor L. Vitug*

*Christopher W. Wallace*

*Aidan J. Walsh*

*Thomas J. Walsh*

*Matthew J. Westcott*

*David P. White*

*William G. Williams*

*Walter J. Woods*

*Arthur F. Wright*

*Thomas F. Wyndham*





Clergy Health and Retirement Trust  
Healthier Priests. Stronger Communities.

## Finance & Audit Committee

Financial Report for the Year Ending June 30, 2019

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, 2019.

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 unmodified 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, 2019.

The success of this organization is through the efforts of many but starts with the leadership of the Clergy Health and Retirement team. Their dedication to the health and retirement of our priests is exceptional. We are blessed that our priests also play an important role through their leadership at the parish level.

The Finance & Audit Committee consists of:

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

On behalf of the Finance & Audit Committee,

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

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Ms. Jean Tempel

### TRUSTEES EMERITUS

Mr. John A. Kaneb

Rev. Gerard Petringa



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, 2019 and 2018

# ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST

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**GRANT THORNTON LLP**

75 State Street  
13<sup>th</sup> Floor  
Boston, MA 02019

**D** 617.723.7900  
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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Trustees  
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 statements of net assets available for benefits as of June 30, 2019 and 2018 and the related combined statements of changes in net assets available for benefits for the years then ended, and the combined statements of accumulated plan benefits as of June 30, 2019 and 2018 and the related combined statements of changes in accumulated plan benefits for the years then ended, and the related notes to the combined 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 combined 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 as of June 30, 2019 and 2018 and changes therein for the years then ended, and its financial status as of June 30, 2019 and 2018, and changes therein for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Supplementary information**

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental combining statements of net assets available for benefits as of June 30, 2019 and 2018, the combining statements of changes in net assets available for benefits and the statements of activities and changes in net assets available for benefits – Regina Cleri Trust for the years ended June 30, 2019 and 2018 are presented for purposes of additional analysis and is are not a required part of the combined financial statements. Such supplementary information is the responsibility of CHRT's management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined 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 combined financial statements or to the combined 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 combined financial statements as a whole.



Boston, Massachusetts  
October 23, 2019

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**  
**Combined Statements of Net Assets Available for Benefits**  
**As of June 30, 2019 and 2018**

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 7,484,533	\$ 9,270,946
Accounts receivable (Note 3)	417,096	178,807
Contributions receivable (Note 3)	4,076,858	2,749,665
Prepaid expenses (Note 3)	342,321	348,506
Investments, at fair value (Notes 3, 6 and 11)	45,127,281	42,379,023
Land, buildings and equipment, net (Note 3 and Note 7)	<u>14,464,381</u>	<u>12,338,551</u>
Total assets	<u>\$ 71,912,470</u>	<u>\$ 67,265,498</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 855,284	\$ 356,355
Deferred income (Note 3)	<u>223,000</u>	<u>194,994</u>
Total liabilities	<u>\$ 1,078,284</u>	<u>\$ 551,349</u>
Net assets available for benefits		
Without donor restrictions	\$ 64,155,244	\$ 62,431,244
With donor restrictions	<u>6,678,942</u>	<u>4,282,905</u>
Total net assets available for benefits	<u>\$ 70,834,186</u>	<u>\$ 66,714,149</u>

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

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**  
**Combined Statements of Changes in Net Assets Available for Benefits**  
**For the years ended June 30, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>OPERATING REVENUE</b>		
Collections from parishes (Note 3)	\$ 6,377,301	\$ 6,427,266
Assessments to participating entities	5,504,639	5,824,121
Special event dinner, net of \$367,389 and \$368,275 of costs	1,389,033	1,243,914
Room and board assessments military, cable, phone	127,398	152,353
Medicare reimbursement and miscellaneous income	127,687	124,637
Total operating revenue	13,526,058	13,772,291
<b>OPERATING EXPENSES</b>		
<b>Benefits</b>		
Claims paid	5,329,159	5,054,779
Retirement benefits	3,657,973	3,517,191
Regina Cleri residence operations, including depreciation of \$204,831 and \$228,524, respectively (Note 7)	3,181,254	2,968,237
Room and board	464,271	405,061
Unassigned and health leave benefits	408,183	378,524
Plan administrator	233,305	240,992
Disability benefits	34,548	40,763
Other benefits	58,375	31,806
Legal - estate planning	18,000	6,235
Total benefits	13,385,068	12,643,588
<b>Administration</b>		
Salaries and benefits	1,034,972	1,000,131
Service fees (Note 8)	198,107	198,451
Contract services	113,297	126,964
Fundraising expense (Note 8)	213,478	187,435
Professional fees	147,434	109,411
Other administrative expenses	137,860	108,019
Total administration	1,845,148	1,730,411
Total operating expenses	15,230,216	14,373,999
Change in net assets from operations	(1,704,158)	(601,708)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Gifts, bequests and contributions (Note 3)	1,164,463	1,473,819
Contributions - Capital Campaign (Note 4)	3,326,183	2,880,414
Interest and dividends	208,678	126,613
Grant income	30,500	1,000
Net realized and unrealized gains on investments	1,562,209	2,457,055
Transfer to related entity (Note 8)	(100,000)	(70,000)
Interest expense and stewardship fees - Capital Campaign (Note 4)	(27,164)	-
Depreciation expense (Note 7)	(340,674)	(340,674)
Total non-operating revenues	5,824,195	6,528,227
Net increase in net assets available for benefits	4,120,037	5,926,519
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		
Beginning of year	66,714,149	60,787,630
End of year	\$ 70,834,186	\$ 66,714,149

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

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**  
**Combined Statements of Accumulated Plan Benefits**  
**As of June 30, 2019 and 2018**

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	<u>2019</u>	<u>2018</u>
ACCUMULATED PLAN BENEFIT OBLIGATIONS		
Actuarial present value of accumulated retirement plan benefits		
Retired and disabled participants currently receiving retirement benefits	\$ 44,916,018	\$ 43,163,885
Active participants	<u>29,439,404</u>	<u>28,386,709</u>
Total actuarial present value of accumulated retirement plan benefits	<u>74,355,422</u>	<u>71,550,594</u>
Actuarial present value of other post-retirement benefit obligations		
Retired and disabled participants currently receiving health, dental and subsistence benefits	14,650,033	15,121,795
Active participants	<u>18,438,122</u>	<u>18,955,100</u>
Total actuarial present value of other post-retirement benefit obligations	<u>33,088,155</u>	<u>34,076,895</u>
Reserve for health insurance claims		
Claims payable and claims incurred but not reported for retired participants	162,527	162,527
Claims payable and claims incurred but not reported for active participants	<u>370,473</u>	<u>370,473</u>
Total reserve for health insurance claims	<u>533,000</u>	<u>533,000</u>
Total accumulated plan benefit obligations	<u>\$ 107,976,577</u>	<u>\$ 106,160,489</u>

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

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**  
**Combined Statements of Changes in Accumulated Plan Benefits**  
**For the years ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Accumulated plan benefit obligations at the beginning of year	\$ 106,160,489	\$ 114,186,371
Changes in accumulated retirement plan benefits		
Actuarial present value of accumulated retirement plan benefits at beginning of year	<u>71,550,594</u>	<u>76,572,452</u>
Changes during the year attributable to		
Benefits accumulated	2,086,052	2,631,382
Increase for interest due to the decrease in the discount period	2,954,702	2,888,773
Benefits paid	(6,509,191)	(6,204,838)
Changes in assumptions (Note 5)	<u>4,273,265</u>	<u>(4,337,175)</u>
Net increase (decrease)	<u>2,804,828</u>	<u>(5,021,858)</u>
Actuarial present value of accumulated retirement plan benefits at end of year	<u>74,355,422</u>	<u>71,550,594</u>
Changes in other post-retirement benefit obligations		
Actuarial present value of other post-retirement benefit obligations at beginning of year	<u>34,076,895</u>	<u>37,066,919</u>
Changes during the year attributable to:		
Benefits accumulated	492,627	1,145,276
Increase for interest due to the decrease in the discount period	1,447,660	1,482,989
Benefits paid	(1,414,213)	(1,341,602)
Changes in assumptions (Note 5)	<u>(1,514,814)</u>	<u>(4,276,687)</u>
Net decrease	<u>(988,740)</u>	<u>(2,990,024)</u>
Actuarial present value of other post-retirement benefit obligations at end of year	<u>33,088,155</u>	<u>34,076,895</u>
Changes in reserve for health insurance claims		
Reserve for health insurance claims at beginning of year	<u>533,000</u>	<u>547,000</u>
Changes during the year attributable to:		
Claims reported and approved and claims incurred but not yet reported	5,329,159	5,040,779
Claims paid	<u>(5,329,159)</u>	<u>(5,054,779)</u>
Net decrease	<u>-</u>	<u>(14,000)</u>
Reserve for health insurance claims at end of year	<u>533,000</u>	<u>533,000</u>
Accumulated plan benefits at the end of year	<u>\$ 107,976,577</u>	<u>\$ 106,160,489</u>

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

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

## **Notes to Combined Financial Statements**

June 30, 2019 and 2018

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### **1. 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 combined financial statements 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”), the Archdiocese of Boston Clergy Medical/Hospitalization Trust (the “Medical Trust”) and the Archdiocese of Boston Regina Cleri Trust (“Regina Cleri Trust”).

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 combined financial statements is to provide financial information that is useful in assessing the CHRT present and future ability to pay benefits when due.

The 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.

### **2. 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.

#### **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.

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

## **Notes to Combined Financial Statements**

**June 30, 2019 and 2018**

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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 Trust 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 \$190 to \$1,477. The monthly room and board benefit is \$600 for those priests living on their own or in a parish. CHRT does not cover the cost of a nursing home. Additionally, priests can reside at Regina Cleri, if space permits. 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.

## **3. 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 U.S. generally accepted accounting principles ("U.S. GAAP").

# ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST

## Notes to Combined Financial Statements

### June 30, 2019 and 2018

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Net assets, revenues, expenses, gains and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Without donor restrictions* - Net assets that are not subject to donor-imposed restrictions or for which restrictions have expired. Also included in this category are net assets designated by the Trustees, including funds functioning as endowment.

*With donor restrictions* - Net assets subject to donor-imposed restrictions that permit CHRT to use or expend the donated assets as specified and are satisfied by either the passage of time or by actions of CHRT. Also included in this category are net assets subject to donor-imposed restrictions that stipulate that resources be maintained permanently, but may permit CHRT to use or expend part or all of the economic benefits derived from the donated assets.

#### **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 of \$3,972,887 and \$7,168,814 at June 30, 2019 and 2018, respectively.

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.

#### **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.

The CHRT Investment Committee has elected to invest in the RCAB Collective Investment Partnership (the "Investment Partnership" or "CIP"), the Fixed Income Fund, Roman Catholic Archbishop of Boston (the "Fixed Income Fund" or "FIF") and the Westwood Income Opportunity Fund (the "Income Opportunity Fund" or "IOF"). These funds are established and maintained by RCAB to provide common investment pools in which CHRT and other organizations related to RCAB may participate. The underlying investments of the Investment Partnership, Fixed Income Fund and Income Opportunity Fund are primarily equity and fixed-income securities (U.S. Government agency securities, asset-backed securities and corporate bonds) owned either directly or indirectly through mutual funds, private investment entities, and money market funds. The participants in these funds own units based upon a per-unit value at the time of purchase.

Financial instruments with original maturities of greater than three months at the purchase date are classified as investments.

#### **Participating Entities Assessments and Accounts 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 \$1,470 per individual priest during both fiscal years 2019 and 2018.

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

## **Notes to Combined Financial Statements**

**June 30, 2019 and 2018**

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Accounts receivable 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 \$313,747 and \$318,887 for retirement benefits prepaid at June 30, 2019 and 2018, respectively.

### **Collections from Parishes**

Collections from parishes are recognized in the combined statements of changes in net assets available for benefits as CHRT receives the contributions. Any amounts not yet received by June 30, 2019 and 2018 are accrued as due from the remitting parish.

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

Contributions, including unconditional promises to give, are recognized upon receipt. Contributions other than cash are recorded at fair value at the date of contribution. Contributions with donor-imposed restrictions are reclassified to net assets without donor restrictions when an expenditure is incurred that satisfies the restriction or the designated time elapses. Pledges receivable are carried at estimated net present value, net of allowance for uncollectible amounts (if any). Conditional promises to give are not recognized until the conditions on which they depend are substantially met. There were no conditional promises to give at June 30, 2019 and 2018.

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**  
**Notes to Combined Financial Statements**  
**June 30, 2019 and 2018**

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Pledges receivable as of June 30, 2019 and 2018 are presented below.

	<u>2019</u>	<u>2018</u>
Receivables due in less than one year	\$ 2,242,165	\$ 1,869,251
Receivables due in one to five years	<u>2,020,039</u>	<u>1,000,000</u>
Total unconditional promises to give	4,262,204	2,869,251
Less: present value discount and allowance for uncollectible promises to give	<u>(185,346)</u>	<u>(119,586)</u>
Contributions receivable, net	<u>\$ 4,076,858</u>	<u>\$ 2,749,665</u>

Pledges receivable have been discounted using a rate of 3.0%.

During fiscal year 2018, CHRT received the donation of a residential property with a fair value of \$252,000 at the time of the donation. The amount is reflected within gifts, bequests and donations in the combined statement changes in net assets available for benefits. Subsequent to year end CHRT sold the property for \$260,000.

**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 combined financial statements is the largest benefit that has a greater than 50% 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 combined financial statements in conformity with U.S. GAAP 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

# ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST

## Notes to Combined Financial Statements

June 30, 2019 and 2018

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uncollectible assessments; health claims incurred by participants but not yet reported, and accumulated retirement plan benefits and other post-retirement benefits.

### **Recent Accounting Pronouncements**

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASS”) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, which revised the not-for-profit financial reporting model. ASU 2016-14 provides for additional disclosure requirements and modifies net asset reporting. The standard requires nonprofit organizations to reclassify its net assets (i.e., unrestricted, temporarily restricted, and permanently restricted) into two categories; net assets without donor-imposed restrictions and net assets with donor-imposed restrictions, among other requirements. CHRT adopted the applicable sections of ASU 2016-14 in fiscal 2019 and applied the changes retrospectively. As a result of adopting this standard, certain prior year amounts were reclassified to conform to the presentation requirements.

### **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.

## **4. CAPITAL CAMPAIGN**

Beginning in fiscal year 2018, The Catholic Community Fund of the Archdiocese of Boston, Inc. (“CCF”), began the *Inspiring Hope Capital Campaign* (the “Campaign”). The purpose of the Campaign is to raise funds for the collective mission of the Archdiocese of Boston to strengthen and grow in faith and community. Part of the Campaign is to support the Ministry of the CHRT in caring for all eligible priests serving the Archdiocese of Boston.

The CHRT portion of the Campaign is geared towards the Regina Cleri capital improvements construction project and to provide for the future needs of the Eligible priests. The goal of The Regina Cleri capital improvements construction project is to raise \$8,000,000 that will be used to add ten residential rooms to increase occupancy, rebuild the current chapel in order to facilitate our aging in place population and provide general building upgrades to the 50+ year old structure. The goal of the future needs is to raise \$15,000,000 in an effort to ensure that priests who will retire in the future will have a sense of security that there will be enough funds to maintain the level of benefits their brothers today are receiving.

Contributions received in relation to the Campaign are shown as contributions – capital campaign in the accompanying combined statements of changes in net assets available for benefits.

## **5. 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.

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**  
**Notes to Combined Financial Statements**  
**June 30, 2019 and 2018**

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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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Discount rate	3.64%	4.32%
Mortality before and after retirement	Headcount weighted 2006 rates (RP-2014 central data year), with generational projection using Scale MP-2018. Separate retiree and active participant rates.	Headcount weighted 2006 rates (RP-2014 central data year), with generational projection using Scale MP-2017. Separate retiree and active participant rates.
Retirement age	Age graded tables	Age graded tables
Asset valuation	Market value	Market value
Retirement benefit	\$1,480 average per month	\$1,423 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 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 combined 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.

For measurement purposes, a 5.75% and 6.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2019 and 2018, respectively; the rate was assumed to decrease gradually to 4.5% by 2023.

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**  
**Notes to Combined Financial Statements**  
**June 30, 2019 and 2018**

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The following were other significant assumptions used in the valuation as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Discount rate	3.75%	4.35%
Retirement age	Age graded tables	Age graded tables
Mortality	Headcount weighted 2006 rates (RP-2014 central data year), with generational projection using Scale MP-2018. Separate retiree and active participant rates.	Headcount weighted 2006 rates (RP-2014 central data year), with generational projection using Scale MP-2017. Separate retiree and active participant rates.
Effect of 1% increase in healthcare cost trend rate on postretirement obligation	\$5,177,000	\$5,102,000

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 incurred but not reported as of June 30, 2019 and 2018 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.

**6. INVESTMENTS**

CHRT had the following investments as of June 30, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Common Investment Partnership	\$ 33,843,837	\$ 32,227,086
Fixed Income Fund	1,356,429	1,401,389
Vanguard Short-Term Investment Grade Fund (mutual fund)	5,161,096	4,457,518
Westwood Income Opportunity Fund	<u>4,765,919</u>	<u>4,293,030</u>
	<u>\$ 45,127,281</u>	<u>\$ 42,379,023</u>

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**  
**Notes to Combined Financial Statements**  
**June 30, 2019 and 2018**

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**7. LAND, BUILDING AND EQUIPMENT**

Land, building and equipment consists of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land	\$ 4,036,578	\$ 4,036,578
Land improvements	529,925	529,925
Building	10,551,225	10,551,225
Building improvements	1,903,727	1,903,727
Construction in process	2,829,740	166,854
Leasehold improvements	2,003,198	2,003,198
Furniture and equipment	731,691	723,241
Vehicles	<u>27,137</u>	<u>27,137</u>
	22,613,221	19,941,885
Less accumulated depreciation	<u>(8,148,840)</u>	<u>(7,603,334)</u>
	<u>\$ 14,464,381</u>	<u>\$ 12,338,551</u>

Depreciation expense totaled \$545,505 and \$569,198 for the fiscal years ended June 30, 2019 and 2018, respectively, which includes \$204,831 and \$228,524 depreciation for operating assets of Regina Cleri and \$340,674 and \$340,674, respectively, of 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.

**8. RELATED PARTY TRANSACTIONS**

Regina Cleri participates in lay employee health, dental, life, disability, and transition assistance plans through RCAB. Expenses incurred by Regina Cleri for the benefit of lay employees under these plans were \$207,958 and \$156,402 for the years ended June 30, 2019 and 2018, respectively.

**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 years ended June 30, 2019 and 2018 were \$198,107 and \$198,451, respectively.

A service fee based on the level of efforts provided for fundraising is charged to the CHRT by Boston Catholic Development Services ("BCDS"). The fee charged for the years ended June 30, 2019 and 2018 were \$196,903 and \$181,435, respectively.

**Transfer to Non-Incardinated Trust**

CHRT authorized the transfer of \$100,000 and \$70,000 for the years ended June 30, 2019 and 2018, respectively, to the Archdiocese of Boston Benefit Trust for Non-Incardinated Priests Duly Assigned for

# ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST

## Notes to Combined Financial Statements

June 30, 2019 and 2018

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Service in the Archdiocese of Boston, a related plan to fund the future pension obligations of the non-incardinated priests assigned for service in the Archdiocese of Boston.

The Archdiocese of Boston Benefit Trust for Non-Incardinated Priests Duly Assigned for Service in the Archdiocese of Boston was frozen in 2009.

### 9. ENDOWMENT

CHRT's endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as quasi-endowments. Quasi-endowment funds are internally restricted until such time as the Trustees vote to release such funds. Quasi-endowment funds are designated to be used for future support of Regina Cleri and the health, welfare and retirement needs of Eligible senior priests.

#### **Interpretation of Relevant Law**

The net assets associated with CHRT's endowment funds are classified in accordance with relevant state law as interpreted by the Trustees. As a result of this interpretation, CHRT has classified as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund (although no existing donor instruments have so directed). The remaining portion of the donor-restricted endowment fund continues to be classified in net assets with donor restrictions and is regarded as "net appreciation" until those amounts are appropriated for expenditure by the Trustees in a manner consistent with the Organization's spending policy, the Uniform Prudent Management of Institutional Funds Act, other applicable laws, and donor-imposed restrictions, if any.

#### **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 net assets with donor restrictions. There were no funds with deficiencies as of June 30, 2019 and 2018.

#### **Endowment Investment Policy**

CHRT 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, 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 CHRT'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 CHRT spending policy, 6% of the trailing twelve quarters market value of the qualifying donor restricted endowment investments at June 30, 2019 and 2018, was appropriated for expenditure. The appropriated amount was then reinvested with quasi-endowment funds.

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**  
**Notes to Combined Financial Statements**  
**June 30, 2019 and 2018**

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**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, CHRT 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.

Following are balances and the changes in endowment net assets for the fiscal year ended June 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2018	\$ 4,858,279	\$ 1,401,389	\$ 6,259,668
Investment return:			
Net appreciation	<u>785,265</u>	<u>41,500</u>	<u>826,765</u>
Total investment return	<u>785,265</u>	<u>41,500</u>	<u>826,765</u>
Spending policy appropriation	<u>-</u>	<u>(86,460)</u>	<u>(86,460)</u>
Balance, June 30, 2019	<u>\$ 5,643,544</u>	<u>\$ 1,356,429</u>	<u>\$ 6,999,973</u>

Following are balances and the changes in endowment net assets for the fiscal year ended June 30, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2017	\$ 4,680,507	\$ 1,475,262	\$ 6,155,769
Investment return:			
Net appreciation	<u>177,772</u>	<u>15,506</u>	<u>193,278</u>
Total investment return	<u>177,772</u>	<u>15,506</u>	<u>193,278</u>
Spending policy appropriation	<u>-</u>	<u>(89,379)</u>	<u>(89,379)</u>
Balance, June 30, 2018	<u>\$ 4,858,279</u>	<u>\$ 1,401,389</u>	<u>\$ 6,259,668</u>

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**  
**Notes to Combined Financial Statements**  
**June 30, 2019 and 2018**

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**10. 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 combined financial statements.

**11. FAIR VALUE MEASUREMENTS**

The CHRT measures the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement price (an exit price). A fair value hierarchy has been established to prioritize the inputs used in valuation techniques to measure fair value. The three levels of the fair value hierarchy are described below.

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets as of the measurement date.

Level 2 - inputs to the valuation methodology are other observable inputs, including quoted prices for similar assets and liabilities in active or non-active markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are not directly observable, but are corroborated by observable market data.

Level 3 - inputs to the valuation methodology are unobservable for the asset or liability.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The fair values of units held by the CHRT in mutual funds are valued using the NAV provided by the administrator of the fund. The NAV price is quoted on active market and is classified within Level 1 of the valuation hierarchy.

As of June 30, 2019 and 2018, the CHRT held investments measured at fair value using the net asset value ("NAV") per share (or its equivalent) practical expedient and have not been categorized in the fair value hierarchy. The value of these investments was \$39,966,185 and \$37,921,505, respectively.

The following table sets forth the liquidity, redemption policies and unfunded commitments of the CHRT's financial assets that were accounted for at fair values calculated by using NAV per share or its equivalents as of June 30, 2019.

<u>Investments</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>	<u>Liquidity Restrictions</u>
Common Investment Partnership	\$ 33,843,837	\$ -	Monthly	30 days	None
Fixed Income Fund	1,356,429	-	Monthly	30 days	None
Westwood Income Opportunity Fund	<u>4,765,919</u>	-	Monthly	30 days	None
Total assets	<u>\$ 39,966,185</u>				

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**  
**Notes to Combined Financial Statements**  
**June 30, 2019 and 2018**

The following table sets forth the liquidity, redemption policies and unfunded commitments of the CHRT's financial assets that were accounted for at fair values calculated by using NAV per share or its equivalents as of June 30, 2018.

<u>Investments</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>	<u>Liquidity Restrictions</u>
Common Investment Partnership	\$ 32,227,086	\$ -	Monthly	30 days	None
Fixed Income Fund	1,401,389	-	Monthly	30 days	None
Westwood Income Opportunity Fund	<u>4,293,030</u>	-	Monthly	30 days	None
Total assets	<u>\$ 37,921,505</u>				

**12. OPERATING EXPENSES**

Following is CHRT's operating expenses of the Regina Cleri facility classified by area of resident service for the year ended June 30, 2019:

	<u>Direct Care</u>	<u>Maintenance</u>	<u>Dining Services</u>	<u>Administration</u>	<u>Recreation</u>	<u>Total</u>
Operating expenses						
Salaries and related	\$ 874,046	\$ 319,477	\$ 411,818	\$ 369,055	\$ 136,480	\$ 2,110,876
Facility rental and related	579,112	36,422	72,844	84,921	3,643	776,942
Food, supplies and other	43,172	39,606	216,132	33,182	30,493	362,585
Utilities and communications	-	178,062	-	69,379	-	247,441
Contract labor	11,201	35,720	27,153	32,077	-	106,151
Repairs and maintenance	<u>-</u>	<u>71,667</u>	<u>207</u>	<u>5,385</u>	<u>-</u>	<u>77,259</u>
Total operating expenses	<u>\$ 1,507,531</u>	<u>\$ 680,954</u>	<u>\$ 728,154</u>	<u>\$ 593,999</u>	<u>\$ 170,616</u>	<u>\$ 3,681,254</u>

Following is CHRT's operating expenses of the Regina Cleri facility classified by area of resident service for the year ended June 30, 2018:

	<u>Direct Care</u>	<u>Maintenance</u>	<u>Dining Services</u>	<u>Administration</u>	<u>Recreation</u>	<u>Total</u>
Operating expenses						
Salaries and related	\$ 788,481	\$ 293,664	\$ 387,049	\$ 335,189	\$ 131,710	\$ 1,936,093
Facility rental and related	584,605	36,768	73,535	103,365	3,677	801,950
Food, supplies and other	27,973	28,433	197,935	32,872	23,702	310,915
Utilities and communications	-	191,158	-	69,569	-	260,727
Contract labor	3,689	33,574	-	33,871	-	71,134
Repairs and maintenance	<u>-</u>	<u>78,798</u>	<u>2,391</u>	<u>6,229</u>	<u>-</u>	<u>87,418</u>
Total operating expenses	<u>\$ 1,404,748</u>	<u>\$ 662,395</u>	<u>\$ 660,910</u>	<u>\$ 581,095</u>	<u>\$ 159,089</u>	<u>\$ 3,468,237</u>

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**  
**Notes to Combined Financial Statements**  
**June 30, 2019 and 2018**

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**13. 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 3), and investments (Note 6).

The CHRT invest in various investment securities through its investments in the CIP, FIF, and IOF. 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 combined statements 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 combined financial statements.

**14. NET ASSETS**

Net assets without donor restrictions - included in net assets without donor restrictions are \$5,643,544 and \$4,858,279 of board designated (quasi-endowment) funds as of June 30, 2019 and 2018, respectively.

Net assets with donor restrictions - net assets with donor restrictions consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Value of endowment gifts	\$ 1,073,745	\$ 1,073,745
Appreciation of endowment investments	282,684	327,644
Capital campaign contributions	<u>5,322,513</u>	<u>2,881,516</u>
	<u>\$ 6,678,942</u>	<u>\$ 4,282,905</u>

**15. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 23, 2019, which is the date the combined financial statements were available to be issued. There were no subsequent events identified that would require recognition or additional disclosure in the Clergy Health and Retirement Trust's combined financial statements.

**SUPPLEMENTAL INFORMATION**

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**  
**Combining Statement of Net Assets Available for Benefits**  
**As of June 30, 2019**

	Medical Trust	Retirement Trust	Funding Trust	Funding Trust Capital Campaign	Regina Cleri Trust	Elimination	Total Clergy Health & Retirement Trusts
<b>ASSETS</b>							
Cash and cash equivalents (Note 3)	\$ 826,335	\$ 1,034,397	\$ 4,630,726	\$ 373,976	\$ 619,099	\$ -	\$ 7,484,533
Accounts receivable (Note 3)	408,428	2,400	-	-	6,268	-	417,096
Contributions receivable (Note 3)	-	-	618,820	3,458,038	-	-	4,076,858
Prepaid expenses (Note 3)	-	313,747	13,805	-	14,769	-	342,321
Investments, at fair value (Notes 3, 6 and 11)	7,338,992	-	30,738,316	50,000	6,999,973	-	45,127,281
Prepaid rent	-	-	-	-	205,047	(205,047)	-
Land, buildings and equipment, net (Note 3 and Note 7)	-	-	11,055,192	2,829,740	579,449	-	14,464,381
Due from/(to) related organizations	(527,022)	-	527,022	-	-	-	-
Total assets	<u>\$ 8,046,733</u>	<u>\$ 1,350,544</u>	<u>\$ 47,583,881</u>	<u>\$ 6,711,754</u>	<u>\$ 8,424,605</u>	<u>\$ (205,047)</u>	<u>\$ 71,912,470</u>
<b>LIABILITIES</b>							
Accounts payable and accrued expenses	\$ 54,912	\$ -	\$ 141,315	\$ 499,922	\$ 159,135	\$ -	\$ 855,284
Deferred income (Note 3)	-	-	223,000	-	-	-	223,000
Deferred lease income	-	-	205,047	-	-	(205,047)	-
Total liabilities	<u>\$ 54,912</u>	<u>\$ -</u>	<u>\$ 569,362</u>	<u>\$ 499,922</u>	<u>\$ 159,135</u>	<u>\$ (205,047)</u>	<u>\$ 1,078,284</u>
Net assets available for benefits							
Without donor restrictions	\$ 7,991,821	\$ 1,350,544	\$ 47,014,519	\$ 889,319	\$ 6,909,041	\$ -	\$ 64,155,244
With donor restrictions	-	-	-	5,322,513	1,356,429	-	6,678,942
Total net assets available for benefits	<u>\$ 7,991,821</u>	<u>\$ 1,350,544</u>	<u>\$ 47,014,519</u>	<u>\$ 6,211,832</u>	<u>\$ 8,265,470</u>	<u>\$ -</u>	<u>\$ 70,834,186</u>

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**  
**Combining Statement of Net Assets Available for Benefits**  
**As of June 30, 2018**

	Medical Trust	Retirement Trust	Funding Trust	Funding Trust Capital Campaign	Regina Cleri Trust	Elimination	Total Clergy Health & Retirement Trusts
<b>ASSETS</b>							
Cash and cash equivalents (Note 3)	\$ 1,043,486	\$ 1,210,202	\$ 5,739,413	\$ 834,248	\$ 443,597	\$ -	\$ 9,270,946
Accounts receivable (Note 3)	176,218	-	-	-	2,589	-	178,807
Contributions receivable (Note 3)	-	-	619,251	1,880,414	250,000	-	2,749,665
Prepaid expenses (Note 3)	15,925	318,887	6,978	-	6,716	-	348,506
Investments, at fair value (Notes 3, 6 and 11)	7,042,971	-	29,076,384	-	6,259,668	-	42,379,023
Prepaid rent	-	-	-	-	675,506	(675,506)	-
Land, buildings and equipment, net (Note 3 and Note 7)	-	-	11,395,867	166,854	775,830	-	12,338,551
Due from/(to) related organizations	(344,866)	-	344,866	-	-	-	-
Total assets	<u>\$ 7,933,734</u>	<u>\$ 1,529,089</u>	<u>\$ 47,182,759</u>	<u>\$ 2,881,516</u>	<u>\$ 8,413,906</u>	<u>\$ (675,506)</u>	<u>\$ 67,265,498</u>
<b>LIABILITIES</b>							
Accounts payable and accrued expenses	\$ 50,188	\$ -	\$ 155,345	\$ -	\$ 150,822	\$ -	\$ 356,355
Deferred income (Note 3)	-	-	194,994	-	-	-	194,994
Deferred lease income	-	-	675,506	-	-	(675,506)	-
Total liabilities	<u>\$ 50,188</u>	<u>\$ -</u>	<u>\$ 1,025,845</u>	<u>\$ -</u>	<u>\$ 150,822</u>	<u>\$ (675,506)</u>	<u>\$ 551,349</u>
Net assets available for benefits							
Without donor restrictions	\$ 7,883,546	\$ 1,529,089	\$ 46,156,914	\$ -	\$ 6,861,695	\$ -	\$ 62,431,244
With donor restrictions	-	-	-	2,881,516	1,401,389	-	4,282,905
Total net assets available for benefits	<u>\$ 7,883,546</u>	<u>\$ 1,529,089</u>	<u>\$ 46,156,914</u>	<u>\$ 2,881,516</u>	<u>\$ 8,263,084</u>	<u>\$ -</u>	<u>\$ 66,714,149</u>

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**  
**Combining Statement of Changes in Net Assets Available for Benefits**  
**For the year ended June 30, 2019**

	Medical Trust	Retirement Trust	Funding Trust	Funding Trust Capital Campaign	Regina Cleri Trust	Elimination	Total Clergy Health & Retirement Trusts
<b>OPERATING REVENUE</b>							
Collections from parishes (Note 3)	\$ -	\$ -	\$ 6,377,301	\$ -	\$ -	\$ -	\$ 6,377,301
Assessments to participating entities	5,440,408	21,600	42,631	-	-	-	5,504,639
Special event dinner, net of \$367,389 of costs	-	-	1,389,033	-	-	-	1,389,033
Room and board assessments military, cable, phone	-	-	-	-	127,398	-	127,398
Room and board for non-military	-	-	-	-	1,015,000	(1,015,000)	-
Medicare reimbursement and miscellaneous income	122,901	-	50	-	4,736	-	127,687
Rental income Regina Cleri leaseback	-	-	500,000	-	-	(500,000)	-
Discount on amortization on prepaid rent	-	-	-	-	29,541	(29,541)	-
Total operating revenue	<u>5,563,309</u>	<u>21,600</u>	<u>8,309,015</u>	<u>-</u>	<u>1,176,675</u>	<u>(1,544,541)</u>	<u>13,526,058</u>
<b>OPERATING EXPENSES</b>							
<b>Benefits</b>							
Claims paid	5,329,159	-	-	-	-	-	5,329,159
Retirement benefits	-	3,657,973	-	-	-	-	3,657,973
Regina Cleri residence operations, including depreciation of \$204,831 (Note 7)	-	-	-	-	3,181,254	-	3,181,254
Room and board - Regina Cleri	-	-	1,015,000	-	-	(1,015,000)	-
Room and board	-	-	464,271	-	-	-	464,271
Unassigned and health leave benefits	-	-	408,183	-	-	-	408,183
Plan administrator	233,305	-	-	-	-	-	233,305
Regina Cleri rent expense (leaseback)	-	-	-	-	500,000	(500,000)	-
Interest - amortization on prepaid rent	-	-	29,541	-	-	(29,541)	-
Disability benefits	-	34,548	-	-	-	-	34,548
Other benefits	2,940	21,215	34,220	-	-	-	58,375
Legal - estate planning	-	-	18,000	-	-	-	18,000
Total benefits	<u>5,565,404</u>	<u>3,713,736</u>	<u>1,969,215</u>	<u>-</u>	<u>3,681,254</u>	<u>(1,544,541)</u>	<u>13,385,068</u>
<b>Administration</b>							
Salaries and benefits	174,000	-	860,972	-	-	-	1,034,972
Service fees (Note 8)	-	-	198,107	-	-	-	198,107
Contract services	10,000	-	103,297	-	-	-	113,297
Fundraising expense (Note 8)	-	-	213,478	-	-	-	213,478
Professional fees	-	-	147,434	-	-	-	147,434
Other administrative expenses	38,815	6,177	92,868	-	-	-	137,860
Total administration	<u>222,815</u>	<u>6,177</u>	<u>1,616,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,845,148</u>
Total operating expenses	<u>5,788,219</u>	<u>3,719,913</u>	<u>3,585,371</u>	<u>-</u>	<u>3,681,254</u>	<u>(1,544,541)</u>	<u>15,230,216</u>
Change in net assets from operations	<u>(224,910)</u>	<u>(3,698,313)</u>	<u>4,723,644</u>	<u>-</u>	<u>(2,504,579)</u>	<u>-</u>	<u>(1,704,158)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Gifts, bequests and contributions (Note 3)	-	-	909,664	-	254,799	-	1,164,463
Contributions - Capital Campaign (Note 4)	-	-	-	3,326,183	-	-	3,326,183
Interest and dividends	37,058	19,769	28,762	5,574	117,515	-	208,678
Grant income	30,500	-	-	-	-	-	30,500
Net realized and unrealized gains on investments	265,627	-	1,111,931	-	184,651	-	1,562,209
Interest expense and stewardship fees - Capital Campaign (Note 4)	-	-	-	(27,164)	-	-	(27,164)
Transfer to related party (Note 8)	-	-	(100,000)	-	-	-	(100,000)
Depreciation expense (Note 7)	-	-	(340,674)	-	-	-	(340,674)
Total non-operating revenues	<u>333,185</u>	<u>19,769</u>	<u>1,609,683</u>	<u>3,304,593</u>	<u>556,965</u>	<u>-</u>	<u>5,824,195</u>
Net increase (decrease) in net assets available for benefits	<u>108,275</u>	<u>(3,678,544)</u>	<u>6,333,327</u>	<u>3,304,593</u>	<u>(1,947,614)</u>	<u>-</u>	<u>4,120,037</u>
Net asset funding (to)/from clergy benefit trust	<u>-</u>	<u>3,500,000</u>	<u>(5,475,723)</u>	<u>25,723</u>	<u>1,950,000</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>							
Beginning of year	7,883,546	1,529,089	46,156,914	2,881,516	8,263,084	-	66,714,149
End of year	<u>\$ 7,991,821</u>	<u>\$ 1,350,545</u>	<u>\$ 47,014,518</u>	<u>\$ 6,211,832</u>	<u>\$ 8,265,470</u>	<u>\$ -</u>	<u>\$ 70,834,186</u>

**ARCHDIOCESE OF BOSTON CLERGY HEALTH AND RETIREMENT TRUST**  
**Combining Statement of Changes in Net Assets Available for Benefits**  
**For the year ended June 30, 2018**

	Medical Trust	Retirement Trust	Funding Trust	Funding Trust Capital Campaign	Regina Cleri Trust	Elimination	Total Clergy Health & Retirement Trusts
<b>OPERATING REVENUE</b>							
Collections from parishes (Note 3)	\$ -	\$ -	\$ 6,427,266	\$ -	\$ -	\$ -	\$ 6,427,266
Assessments to participating entities	5,767,304	7,200	49,617	-	-	-	5,824,121
Special event dinner, net of \$368,275 of costs	-	-	1,243,914	-	-	-	1,243,914
Room and board assessments military, cable, phone	-	-	-	-	152,353	-	152,353
Room and board for non-military	-	-	-	-	993,000	(993,000)	-
Medicare reimbursement and miscellaneous income	117,516	-	29	-	7,092	-	124,637
Rental income Regina Cleri leaseback	-	-	500,000	-	-	(500,000)	-
Discount on amortization on prepaid rent	-	-	-	-	58,584	(58,584)	-
Total operating revenue	5,884,820	7,200	8,220,826	-	1,211,029	(1,551,584)	13,772,291
<b>OPERATING EXPENSES</b>							
<b>Benefits</b>							
Claims paid	5,054,779	-	-	-	-	-	5,054,779
Retirement benefits	-	3,517,191	-	-	-	-	3,517,191
Regina Cleri residence operations, including depreciation of \$228,524 (Note 7)	-	-	-	-	2,968,237	-	2,968,237
Room and board - Regina Cleri	-	-	993,000	-	-	(993,000)	-
Room and board	-	-	405,061	-	-	-	405,061
Unassigned and health leave benefits	-	-	378,524	-	-	-	378,524
Plan administrator	240,992	-	-	-	-	-	240,992
Regina Cleri rent expense (leaseback)	-	-	-	-	500,000	(500,000)	-
Interest - amortization on prepaid rent	-	-	58,584	-	-	(58,584)	-
Disability benefits	-	40,763	-	-	-	-	40,763
Other benefits	-	19,679	12,127	-	-	-	31,806
Legal - estate planning	-	-	6,235	-	-	-	6,235
Total benefits	5,295,771	3,577,633	1,853,531	-	3,468,237	(1,551,584)	12,643,588
<b>Administration</b>							
Salaries and benefits	174,000	-	826,131	-	-	-	1,000,131
Service fees (Note 8)	-	-	198,451	-	-	-	198,451
Contract services	-	-	126,964	-	-	-	126,964
Fundraising expense (Note 8)	-	-	187,435	-	-	-	187,435
Professional fees	-	-	109,411	-	-	-	109,411
Other administrative expenses	6,025	5,711	96,283	-	-	-	108,019
Total administration	180,025	5,711	1,544,675	-	-	-	1,730,411
Total operating expenses	5,475,796	3,583,344	3,398,206	-	3,468,237	(1,551,584)	14,373,999
Change in net assets from operations	409,024	(3,576,144)	4,822,620	-	(2,257,208)	-	(601,708)
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Gifts, bequests and contributions (Note 3)	-	500,000	631,088	-	342,731	-	1,473,819
Contributions - Capital Campaign (Note 4)	-	-	-	2,880,414	-	-	2,880,414
Interest and dividends	24,265	10,054	19,527	1,102	71,665	-	126,613
Grant income	-	-	-	-	1,000	-	1,000
Net realized and unrealized gains on investments	367,291	-	2,051,868	-	37,896	-	2,457,055
Transfer to related party (Note 8)	-	-	(70,000)	-	-	-	(70,000)
Depreciation expense (Note 7)	-	-	(340,674)	-	-	-	(340,674)
Total non-operating revenues	391,556	510,054	2,291,809	2,881,516	453,292	-	6,528,227
Net increase (decrease) in net assets available for benefits	800,580	(3,066,090)	7,114,429	2,881,516	(1,803,916)	-	5,926,519
Net asset funding (to)/from clergy benefit trust	-	3,500,000	(5,000,000)	-	1,500,000	-	-
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>							
Beginning of year	7,082,966	1,095,179	44,042,485	-	8,567,000	-	60,787,630
End of year	\$ 7,883,546	\$ 1,529,089	\$ 46,156,914	\$ 2,881,516	\$ 8,263,084	\$ -	\$ 66,714,149

**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, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total Regina Cleri Trust</b>
<b>OPERATING REVENUE</b>			
Room and board assessments	\$ 127,398	\$ -	\$ 127,398
Room and board for non-military	1,015,000	-	1,015,000
Investment returns designated for current operations	4,736	-	4,736
Miscellaneous income	<u>29,541</u>	<u>-</u>	<u>29,541</u>
Total operating revenue	<u>1,176,675</u>	<u>-</u>	<u>1,176,675</u>
<b>OPERATING EXPENSES</b>			
Salaries and related	2,110,876	-	2,110,876
Facility rental and related	776,942	-	776,942
Food, supplies and other	362,585	-	362,585
Utilities and communications	247,441	-	247,441
Contract labor	106,151	-	106,151
Repairs and maintenance	<u>77,259</u>	<u>-</u>	<u>77,259</u>
Total operating expenses	<u>3,681,254</u>	<u>-</u>	<u>3,681,254</u>
Changes in net assets from operations	<u>(2,504,579)</u>	<u>-</u>	<u>(2,504,579)</u>
<b>NON-OPERATING ACTIVITY</b>			
Net realized and unrealized gain on investments	229,610	41,500	271,110
Gifts, bequests and donations	254,799	-	254,799
Interest and dividend income	117,515	-	117,515
Investment return designated for unrestricted	<u>-</u>	<u>(86,460)</u>	<u>(86,460)</u>
Total non-operating activity	<u>601,924</u>	<u>(44,960)</u>	<u>556,964</u>
Changes in net assets	(1,902,655)	(44,960)	(1,947,615)
Net asset funding from clergy benefit trust	1,950,000	-	1,950,000
Net assets, beginning of year	<u>6,861,695</u>	<u>1,401,389</u>	<u>8,263,084</u>
Net assets, end of year	<u>\$ 6,909,040</u>	<u>\$ 1,356,429</u>	<u>\$ 8,265,469</u>

**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, 2018**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total Regina Cleri Trust</b>
<b>OPERATING REVENUE</b>			
Room and board assessments	\$ 152,353	\$ -	\$ 152,353
Room and board for non-military	993,000	-	993,000
Investment returns designated for current operations	-	-	-
Miscellaneous income	7,092	-	7,092
Discount of amortization on prepaid rent	58,584	-	58,584
	<u>1,211,029</u>	<u>-</u>	<u>1,211,029</u>
<b>OPERATING EXPENSES</b>			
Salaries and related	1,936,093	-	1,936,093
Facility rental and related	801,950	-	801,950
Food, supplies and other	310,915	-	310,915
Utilities and communications	260,727	-	260,727
Contract labor	71,134	-	71,134
Repairs and maintenance	87,418	-	87,418
	<u>3,468,237</u>	<u>-</u>	<u>3,468,237</u>
	<u>(2,257,208)</u>	<u>-</u>	<u>(2,257,208)</u>
<b>NON-OPERATING ACTIVITY</b>			
Net realized and unrealized gain on investments	111,769	15,505	127,274
Gifts, bequests and donations	342,731	-	342,731
Grant income	1,000	-	1,000
Interest and dividend income	71,665	-	71,665
Investment return designated for unrestricted	-	(89,378)	(89,378)
	<u>527,165</u>	<u>(73,873)</u>	<u>453,292</u>
	<u>(1,730,043)</u>	<u>(73,873)</u>	<u>(1,803,916)</u>
Net asset funding from clergy benefit trust	1,500,000	-	1,500,000
Net assets, beginning of year	<u>7,091,738</u>	<u>1,475,262</u>	<u>8,567,000</u>
Net assets, end of year	<u>\$ 6,861,695</u>	<u>\$ 1,401,389</u>	<u>\$ 8,263,084</u>





Both within and beyond the walls of our parishes, priests continue to build stronger communities for all.

Archdiocese of Boston  
66 Brooks Drive  
Braintree, MA 02184  
clergytrust.org



**Clergy Health and Retirement Trust**  
Healthier Priests. Stronger Communities.