

# The Clergy Funds

## Annual Report 2013

ARCHDIOCESE OF BOSTON



**Clergy Health and Retirement Trust**  
*Caring for Our Priests*



THE CLERGY FUNDS

February 3, 2014

Dear Fathers and Brother Priests,

BOARD OF TRUSTEES

Rev. Msgr. Dennis F. Sheehan  
Very Rev. Kevin M. Sepe  
Rev. Gerard Petringa  
Sr. June Ketterer  
Ms. Jill Ker Conway  
Mr. C. Michael Daley  
Mr. Craig Gibson  
Mr. John Kaneb  
Mr. James Mooney, Jr.  
Mr. Kenneth Quigley  
Ms. Jean Tempel

We are blessed to send you the Fiscal Year 2013 Report for the Clergy Funds. The Executive Director's report and commentary are included, along with the outside auditor's financial report

Thanks to the effective cooperation of our priests, Clergy Funds dedicated staff was able to deliver another very good fiscal performance. Moreover, we trust that our efforts made to help all retired priests live with dignity and security whether in their own home, a nursing facility, a rectory or at Regina Cleri are bearing fruit. We welcome questions, comments and complaints directly to either of us.

Thank you for your continued prayers and generous support. May you continue to be blessed in all ways.

On behalf of the Board of Trustees,

John A. Kaneb  
Chairman

Reverend Monsignor Dennis Sheehan  
Vice-Chairman

*Caring for the Health and Retirement Needs of our Priests*



**Joseph D'Arrigo, Executive Director**  
Executive Summary

The Clergy Funds is in “promises” business—the promises made to ensure the highest quality care and quality of life for our 240 senior and 398 active priests incardinated in the Archdiocese of Boston.

Caring for our priests means more than covering their health and living expenses. It means:

- Providing stipends and housing support for priests when they elect senior status
- Maintaining and financially supporting Regina Cleri, the Archdiocesan senior priest residence
- Extending stipends to priests on disability or health leave
- Offering retreat allowances to senior priests
- Covering medical and dental care for all active and senior priests

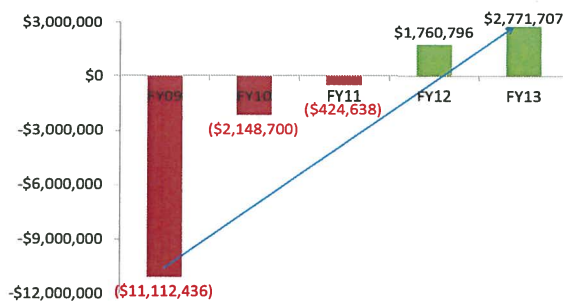
The Clergy Funds team employs a professional staff dedicated to fulfilling these promises and caring for incardinated priests who are in good standing within the norms of canon law. The Clergy Funds Board of Trustees is committed to providing that care in a fiscally-responsible way.

**FISCAL YEAR 2013 HIGHLIGHTS**

The Funds continue to be managed on a fiscally-responsible basis producing encouraging results. The audited financial statements that follow reflect the details.

Developing surpluses is an essential element for the long-term viability of the Clergy Funds. The Funds continue to meet current obligations, and surpluses are accumulated for future benefits that our priests have accrued. This strategy is a key element in sustaining the promises made to our priests for their years of service to us all. When a priest reaches senior status (retires), the Funds continue to provide not only a stipend income, but medical benefits to supplement Medicare, a housing stipend, and maintenance of the Regina Cleri residence. This is a unique program when compared with any standard lay retirement plan, and therefore must be managed differently to secure sustainability of benefits.

**Clergy Funds Overall Surplus/(Deficit)**



*Caring for the Health and Retirement Needs of our Priests*





The Clergy Funds team has worked diligently to build a strong foundation of resources that will help secure the future for our diocesan priests and assure them that they will be cared for in their time of need. Some of these resources have come in the form of staff who have expanded and enriched the continuum of care we offer.

Four years ago, we welcomed Healthcare Coordinator Mary Hanlon. A registered nurse, Mary visits every senior priest who is living alone or in a rectory each year. She also visits every priest who is hospitalized and coordinates care with family or staff as needed. In the last fiscal year alone, Mary visited 60 active priests and 124 priests in hospitals, rehabilitation centers, and nursing homes. In 2009, Attorney Jay Marsden was retained. Jay has added tremendous value to the team in assisting with our priests' estate planning and providing legal guidance and peace of mind for priests and their families. Additionally, two therapists have been placed on retainer and are available to our priests for consultation.

The growing fiscal health of the Clergy Funds has enabled the team to engage more priests in the benefits available to them in fiscal year 2013. Some of these highlights include:

- 95% of priests used the Medical Plan
- 81% of priests used the Pharmacy Plan
- 55% of priests visited the Dentist

Moreover, the Clergy Funds was able to provide this quality care at the following levels of support:

- \$3.9 Million spent on Medical Benefits (\$6,632 average claim)
- \$1.1 Million spent on Prescription Benefits (\$1,380 average claim)
- \$383,000 spent on Dental Benefits (\$1,090 average claim)

In total, 240 senior priests received retirement stipends (including Medicare supplement coverage and dental) and 398 active priests received medical and dental coverage.

### **LOOKING AHEAD**

This coming year, the Clergy Funds team will embark on a holistic wellness program that addresses the physical, emotional, and mental wellbeing of our clergy. His Eminence Cardinal Seán has been a strong proponent of a comprehensive wellness program for his priests—one that emphasizes the four pillars of lifelong formation: human, spiritual, intellectual, and pastoral. At his direction, the Clergy Funds team has begun to build and offer support programs that will be available for all incardinated priests in the Archdiocese of Boston based on the human and intellectual pillars. Through ongoing opportunities for education and support groups, the Clergy Funds staff will continue to seek out new ways in which the human and intellectual needs of our priests will be served.

Regina Cleri continues to be a shining example of a senior residence that has incorporated all the best-in-class protocols making it a facility that we all can be proud of. This year, Regina Cleri was recognized as one of the best in Massachusetts receiving the prestigious award for the national Research Corporation recognizing superior commitment to Assisted Living Customer Satisfaction.

## *Caring for the Health and Retirement Needs of our Priests*



## THE CLERGY FUNDS

The Clergy Funds staff remains dedicated to meeting the promises made to all of our priests, and doing so in a manner that treats our priests with gratitude for the years of service they have provided for the members of the Church of Boston.

This report details the activities and financial integrity of these Funds. It is not enough to provide only for our priests' basic needs. There is a renewed dedication to increasing the quality of life of all of our priests. We must go beyond the necessities to ensure that they receive the best services available for their wellbeing, safety, and care. We also must be proactive to ensure the quality of life that they deserve.

*Caring for the Health and Retirement Needs of our Priests*

ARCHDIOCESE OF BOSTON ■ 66 BROOKS DRIVE ■ BRAINTREE MA 02184 ■ (617) 746-5695



**Audit & Finance Committee**  
Financial Report for the Year Ending June 30, 2013

The Clergy Funds Audit & Finance Committee is pleased to present the audited financial statements of the Clergy Funds for the fiscal year ended June 30, 2013.

**BOARD OF TRUSTEES**

Rev. Msgr. Dennis F. Sheehan  
Very Rev. Kevin M. Sepe  
Rev. Gerard Petringa  
Sr. June Ketterer  
Ms. Jill Ker Conway  
Mr. C. Michael Daley  
Mr. Craig Gibson  
Mr. John Kaneb  
Mr. James Mooney, Jr.  
Mr. Kenneth Quigley  
Ms. Jean Tempel

These statements are the responsibility of the management of the Clergy Funds, and have been audited by the independent auditing firm of Grant Thornton LLP. Our auditors have issued an unqualified opinion that the statements fairly present the financial position of the Clergy Funds in conformity with generally accepted accounting principles as of and for the year ended June 30, 2013.

As further detailed in the reports of the Board Chair and the Executive Director, the Audit & Finance Committee continues to be pleased with the progress made in the business and financial outcomes of the Funds under the leadership of the Clergy Funds Staff. These successful outcomes are made possible by the cooperative efforts of so many, none more than the beneficiaries of the Funds – our current and retired priests.

The Audit & Finance Committee consists of Reverend Thomas S. Rafferty, Pastor of Saint Paul Parish, Wellesley, Richard F. Reilly, CPA a former partner at KPMG LLP and Kenneth K. Quigley, Jr. (chair), and President of Curry College.

On behalf of the Audit & Finance Committee,

Kenneth K. Quigley, Jr  
Chairman, Audit & Finance Committee, Clergy Funds

*Caring for the Health and Retirement Needs of our Priests*

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, 2013

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Trustee's of the Archdiocese of Boston Clergy Funds

We have audited the accompanying financial statements of the Archdiocese of Boston Clergy Funds (the Funds), which comprise the combined statements of net assets available for benefits and statements of accumulated plan benefits as of June 30, 2013 and 2012 and the related combined statements of changes in net assets available for benefits and combined statements of changes in accumulated plan benefits for the years then ended, and the related notes to the financial statements.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Funds' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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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 Funds' net assets available for benefits and financial status as of June 30, 2013 and 2012 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 financial statements as a whole. The supplemental combining statements of net assets available for benefits, and combining statements of changes in net assets available for benefits as of and for the years ended June 30, 2013 and 2012, are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of the Funds' management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Grant Thornton LLP

Boston, Massachusetts  
October 15, 2013

**ARCHDIOCESE OF BOSTON CLERGY FUNDS**  
 Combined Statements of Net Assets Available for Benefits  
 June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 12,844,349	\$ 8,574,843
Investments, at fair value (notes D and H)	14,963,492	16,097,498
Participating entities receivable, net (note E)	5,600	7,700
Accounts receivable, Medicare	150,000	150,000
Contributions receivable	75,000	150,000
Accounts receivable, other	52,212	257,748
Land and buildings, net (notes C, F, and G)	13,099,237	13,439,911
Prepaid expenses (note C)	344,289	22,295
	<u>344,289</u>	<u>22,295</u>
Total assets	\$ <u>41,534,179</u>	\$ <u>38,699,995</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 288,441	\$ 102,422
Deferred income (note C)	400,578	203,141
Deferred lease income (note G)	2,626,390	2,947,369
	<u>2,626,390</u>	<u>2,947,369</u>
Total liabilities	<u>3,315,409</u>	<u>3,252,932</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		
Total Net Assets Available for Benefits	\$ <u><u>38,218,770</u></u>	\$ <u><u>35,447,063</u></u>

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

**ARCHDIOCESE OF BOSTON CLERGY FUNDS**

Combined Statements of Changes in Net Assets Available for Benefits

For the years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUE:</b>		
Collections from parishes	\$ 6,448,694	\$ 7,252,697
Assessments to participating entities	6,219,770	6,585,986
Medicare reimbursement	<u>130,457</u>	<u>115,675</u>
Total operating revenue	<u>12,798,921</u>	<u>13,954,358</u>
<b>OPERATING EXPENSES:</b>		
Benefits:		
Claims paid	5,416,955	5,879,336
Retirement benefits	3,815,229	3,747,246
Room and board (Note G)	543,952	2,565,648
Plan administrator	249,763	248,337
Unassigned and health leave benefits	268,161	240,632
Other expenses	17,514	55,673
Disability benefits	34,637	42,909
Medex benefits	32,254	36,892
Legal - estate planning	<u>21,500</u>	<u>30,500</u>
Total benefits	<u>10,399,965</u>	<u>12,847,173</u>
Administration:		
Salaries and benefits	442,838	420,880
Service fees	350,000	370,018
Contract services	329,000	332,920
Fundraising expense	148,087	148,777
Professional fees	131,387	93,542
Other administrative expenses	<u>41,987</u>	<u>50,791</u>
Total administration	<u>1,443,299</u>	<u>1,416,928</u>
Total operating expenses:	<u>11,843,264</u>	<u>14,264,101</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>955,657</u>	<u>(309,743)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Special event dinner, net of costs of \$264,834 and \$244,188, respectively	902,490	779,076
Gifts, bequests and donations	539,702	1,111,123
Rental income (Note G)	500,000	500,000
Interest and dividends	294,738	187,152
Net realized and unrealized gains on investments	98,815	32,698
Interest expense (Note G)	(179,021)	(198,836)
Depreciation expense (Note F)	<u>(340,674)</u>	<u>(340,674)</u>
Total non-operating revenues	<u>1,816,050</u>	<u>2,070,539</u>
CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS	<u>2,771,707</u>	<u>1,760,796</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS:</b>		
BEGINNING OF YEAR	<u>35,447,063</u>	<u>33,686,267</u>
END OF YEAR	<u>\$ 38,218,770</u>	<u>\$ 35,447,063</u>

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

**ARCHDIOCESE OF BOSTON CLERGY FUNDS**

Combined Statements of Accumulated Plan Benefits

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>ACCUMULATED PLAN BENEFIT OBLIGATIONS:</b>		
<b>ACTUARIAL PRESENT VALUE OF ACCUMULATED RETIREMENT PLAN BENEFITS</b>		
Retired and disabled participants currently receiving retirement benefits	\$ 43,062,849	\$ 44,418,877
Active participants	<u>30,849,563</u>	<u>33,553,937</u>
<b>TOTAL ACTUARIAL PRESENT VALUE OF ACCUMULATED RETIREMENT PLAN BENEFITS</b>	<u>73,912,412</u>	<u>77,972,814</u>
<b>ACTUARIAL PRESENT VALUE OF OTHER POST-RETIREMENT BENEFIT OBLIGATIONS</b>		
Retired and disabled participants currently receiving health, dental and subsistence benefits	15,899,598	17,435,631
Active participants	<u>20,580,713</u>	<u>24,416,379</u>
<b>TOTAL ACTUARIAL PRESENT VALUE OF OTHER POST-RETIREMENT BENEFIT OBLIGATIONS</b>	<u>36,480,311</u>	<u>41,852,010</u>
<b>RESERVE FOR HEALTH INSURANCE CLAIMS</b>		
Claims payable and claims incurred but not reported for retired participants	148,500	173,200
Claims payable and claims incurred but not reported for active participants	<u>338,500</u>	<u>394,800</u>
<b>TOTAL RESERVE FOR HEALTH INSURANCE CLAIMS</b>	<u>487,000</u>	<u>568,000</u>
<b>TOTAL ACCUMULATED PLAN BENEFIT OBLIGATIONS</b>	<u>\$ 110,879,723</u>	<u>\$ 120,392,824</u>

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



**ARCHDIOCESE OF BOSTON CLERGY FUNDS**  
 Combined Statements of Changes in Accumulated Plan Benefits  
 For the year ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>ACCUMULATED PLAN BENEFIT OBLIGATIONS</b>		
<b>AT THE BEGINNING OF YEAR</b>	<b>\$ 120,392,824</b>	<b>\$ 120,644,900</b>
<b>CHANGES IN ACCUMULATED RETIREMENT PLAN BENEFITS</b>		
Actuarial present value of accumulated retirement plan benefits at beginning of year	<u>77,972,814</u>	<u>75,708,123</u>
Changes during the year attributable to:		
Benefits accumulated	1,215,376	(580,092)
Increase for interest due to the decrease in the discount period	3,416,031	3,888,763
Benefits paid	(4,295,741)	(6,355,803)
Changes in assumptions (note B)	<u>(4,396,068)</u>	<u>5,311,823</u>
Net increase (decrease)	<u>(4,060,402)</u>	<u>2,264,691</u>
Actuarial present value of accumulated retirement plan benefits at end of year	<u>73,912,412</u>	<u>77,972,814</u>
<b>CHANGES IN OTHER POST-RETIREMENT BENEFIT OBLIGATIONS</b>		
Actuarial present value of other post-retirement benefit obligations at beginning of year	<u>41,852,010</u>	<u>44,362,798</u>
Changes during the year attributable to:		
Benefits accumulated	565,000	(912,108)
Increase for interest due to the decrease in the discount period	2,011,613	2,512,738
Benefits paid	(1,416,110)	(1,708,861)
Changes in assumptions (note B)	<u>(6,532,202)</u>	<u>(2,402,557)</u>
Net increase (decrease)	<u>(5,371,699)</u>	<u>(2,510,788)</u>
Actuarial present value of other post-retirement benefit obligations at end of year	<u>36,480,311</u>	<u>41,852,010</u>
<b>CHANGES IN RESERVE FOR HEALTH INSURANCE CLAIMS</b>		
Reserve for health insurance claims at beginning of year	<u>568,000</u>	<u>573,979</u>
Changes during the year attributable to:		
Claims reported and approved and claims incurred but not yet reported	5,335,955	5,873,357
Claims paid	<u>(5,416,955)</u>	<u>(5,879,336)</u>
Net decrease	<u>(81,000)</u>	<u>(5,979)</u>
Reserve for health insurance claims at end of year	<u>487,000</u>	<u>568,000</u>
<b>ACCUMULATED PLAN BENEFITS AT THE END OF YEAR</b>	<b>\$ <u>110,879,723</u></b>	<b>\$ <u>120,392,824</u></b>

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

## ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements

June 30, 2013 and 2012

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### 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”). 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).

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 Clergy Funds, 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 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 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 Trustees. 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.

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.

The primary benefits provided by the Funding Trust relate to funding of the Medical Trust and the Retirement Trust. The Funding Trust 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.

## ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements - Continued

June 30, 2013 and 2012

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### NOTE B - DESCRIPTION OF THE CLERGY FUNDS - Continued

#### 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 \$1289. The monthly room and board benefit ranges from \$600 if living on his own or in a parish to 20% 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 Archbishop of Boston, retire early and receive a retirement benefit. Any priest who becomes totally and permanently disabled qualifies for retirement benefits.

#### Other Post-Retirement Benefits

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

### 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 of \$11,450,276 and \$7,260,195 at June 30, 2013 and 2012, 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.

## ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements - Continued

June 30, 2013 and 2012

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

Financial instruments with original maturities of greater than three months at the purchase date are classified as investments. Included in investments are a short term investment grade bond mutual fund and a target retirement mutual fund with market values of \$9,875,153 and \$5,088,339, respectively at June 30, 2013. Also included in investments are certificates of deposit and a short term investment grade bond mutual fund of \$6,003,313 and \$10,094,185, respectively at June 30, 2012.

#### **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 per individual priest during fiscal years 2013 and 2012, 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.

#### **Prepaid Expenses**

Retirement benefit payments are withdrawn from the Clergy Funds 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 \$324,351 for retirement benefits prepaid at June 30, 2013.

#### **Collections from Parishes**

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

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

Unconditional promises to give are reported at fair value on the date the promise is verifiably committed. Unconditional promises to give that are expected to be collected are recorded at net realizable value. 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, 2013 and 2012.

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

**ARCHDIOCESE OF BOSTON CLERGY FUNDS**

Notes to Financial Statements - Continued

June 30, 2013 and 2012

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

**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.

**Actuarial Present Value of Accumulated Retirement Trust Benefits**

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

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



**ARCHDIOCESE OF BOSTON CLERGY FUNDS**

Notes to Financial Statements - Continued

June 30, 2013 and 2012

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

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

	<u>2013</u>	<u>2012</u>
Discount rate	4.9%	4.5%
Mortality before and after retirement	2013 IRS Static Mortality Tables	2012 IRS Static Mortality Tables
Retirement age	Age graded tables	Age graded tables
Asset valuation	Market value	Market value
Retirement benefit	\$1,413 average per month	\$1,394 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.

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% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2013; the rate was assumed to decrease gradually to 4.5% by 2020. An 8.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2012; the rate was assumed to decrease gradually to 4.5% by 2020.

## ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements - Continued

June 30, 2013 and 2012

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

The following were other significant assumptions used in the valuation as of June 30, 2013 and 2012:

	<u>2013</u>		<u>2012</u>
Discount rate	5.25%		4.8%
Retirement age	Age graded tables		Age graded tables
Mortality	2013 IRS Static Mortality Tables		2012 IRS Static Mortality Tables
Effect of 1% increase in healthcare cost trend rate on postretirement obligation	\$ 4,889,000	\$	5,884,000
Effect of 1% decrease in healthcare cost trend rate on postretirement obligation	\$ (4,045,000)	\$	(4,844,000)

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.

#### 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. The Clergy Funds recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The 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, contingent assets and liabilities, and changes during the reported period. Actual results could differ from those estimates. As discussed above, key estimates include the allowance for uncollectible assessments; health claims incurred by participants but not yet reported, and accumulated retirement plan benefits and other post-retirement benefits.

## ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements - Continued

June 30, 2013 and 2012

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

#### Operations

Changes in net assets that do not impact current operations are presented as non-operating activities, including non-current contributions (special events and gifts or pledges intended to fund future-year activities), net realized and unrealized investment gains/losses, and sales leaseback related income and expenses (see note F and G).

#### Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform to the current year presentation.

### NOTE D - INVESTMENTS

The following table presents the fair values of investments. Investments that represent 5 percent or more of the plan's net assets are separately identified.

	Year ended June 30	
	2013	2012
Vanguard short-term bond mutual fund	\$ 9,875,153	\$ 10,094,185
Vanguard target retirement mutual fund	5,088,339	-
Century Bank and Trust certificate of deposit	-	6,003,313
	<u>\$ 14,963,492</u>	<u>\$ 16,097,498</u>

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

	Year ended June 30	
	2013	2012
Vanguard short-term bond mutual fund	\$ 10,476	\$ 32,698
Vanguard target retirement mutual fund	88,339	-
	<u>\$ 98,815</u>	<u>\$ 32,698</u>

## ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements - Continued

June 30, 2013 and 2012

### NOTE E - PARTICIPATING ENTITIES RECEIVABLE

Participating entities receivable consist of the following at June 30:

	<u>2013</u>	<u>2011</u>
Assessments receivable	\$ 106,068	\$ 127,582
Less: Allowance for uncollectibles	<u>(100,468)</u>	<u>(119,882)</u>
	<u>\$ 5,600</u>	<u>\$ 7,700</u>

### NOTE F – LAND AND BUILDINGS

Land and buildings consists of the following at June 30:

	<u>2013</u>	<u>2012</u>
Land	\$ 4,036,578	\$ 4,036,578
Land improvements	529,925	529,925
Building	10,551,225	10,551,225
Building improvements	<u>1,903,727</u>	<u>1,903,727</u>
	17,021,455	17,021,455
Less accumulated depreciation	<u>3,922,218</u>	<u>3,581,544</u>
	<u>\$ 13,099,237</u>	<u>\$ 13,439,911</u>

### 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.

## ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements - Continued

June 30, 2013 and 2012

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### NOTE G - RELATED PARTY TRANSACTIONS – Continued

Future lease income, by year, along with the related net present value at June 30, 2013 is as follows:

Year ending <u>June 30</u>	
2014	\$ 500,000
2015	500,000
2016	500,000
2017	500,000
2018	500,000
Later years	<u>708,333</u>
	3,208,333
Less amounts representing interest	<u>581,943</u>
Present value of deferred lease income at June 30, 2013	<u>\$ 2,626,390</u>

Rental income under the leaseback agreement totaled \$500,000 and \$500,000 for the year ended June 30, 2013 and 2012, respectively. Interest expense imputed on the lease obligation was \$179,020 and \$198,836 for the year ended June 30, 2013 and 2012, respectively.

#### Regina Cleri, Inc.

Pursuant to a Clergy Funds Trustee's resolution, during the year ended June 30, 2013, the Clergy Funds did not provide room and board payments and operational support to Regina Cleri, Inc.. During the year ended June 30, 2012, the Clergy Funds provided \$1,766,500 in room and board payments and operational support to Regina Cleri, Inc. The Clergy Funds Board of Trustee has designated the special event dinner net proceeds and non-operating gifts, bequests and donations to be held for the future long term support of the care for the health and retirement needs of Eligible Priests, including the future operational support of Regina Cleri, Inc.

#### 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, 2013 and 2012 were \$350,000 and \$370,018, respectively.

A service fee based on the level of efforts provided for fundraising is charged to the Clergy Funds by the Roman Catholic Archbishop of Boston, Boston Catholic Development Services ("BCDS"). The fee charged for the years ended June 30, 2013 and June 30, 2012 was \$144,000 and \$147,000, respectively.

#### Consulting Fees

A member of management was previously a contractor for a consulting firm used by the Clergy Funds. Shortly after the close of fiscal year 2012, this individual was paid certain deferred compensation by the consulting firm for past services provided. Total fees paid to this consulting firm for the years ended June 30, 2013 and 2012 were \$79,000 and \$79,000, respectively.



## ARCHDIOCESE OF BOSTON CLERGY FUNDS

Notes to Financial Statements - Continued

June 30, 2013 and 2012

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### 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.

Other investments consist of certificates of deposit and mutual funds. The mutual funds are valued based on quoted prices in active markets and are classified within Level 1 of the fair value hierarchy. Certificates of deposit are valued based on quoted prices in active markets of similar instruments and are classified within Level 2 of the fair value hierarchy.

The Clergy Funds' financial assets that are accounted for at fair value on a recurring basis as of June 30, 2013 consisted mutual funds (level 1) with a value of \$14,963,492. Financial assets that are accounted for at fair value on a recurring basis as of June 30, 2012 consisted mutual funds (level 1) and certificates of deposit (level 2) with fair values of \$10,094,185 and \$6,003,313, respectively.

### 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 invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

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, 2013 and 2012

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### **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.

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.

### **NOTE K - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 15, 2013, 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 Clergy Fund's financial statements.

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**SUPPLEMENTAL INFORMATION**

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**ARCHDIOCESE OF BOSTON CLERGY FUNDS**

Combining Statements of Net Assets Available for Benefits

June 30, 2013

	<u>MEDICAL TRUST</u>	<u>RETIREMENT TRUST</u>	<u>FUNDING TRUST</u>	<u>TOTAL CLERGY FUNDS</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,388,268	\$ 915,165	\$ 9,540,916	\$ 12,844,349
Investments, at fair value (notes D and H)	501,065	-	14,462,427	14,963,492
Participating entities receivable, net (note E)	5,600	-	-	5,600
Accounts receivable, Medicare	150,000	-	-	150,000
Contributions receivable	-	-	75,000	75,000
Accounts receivable, other	-	-	52,212	52,212
Land and buildings, net (notes C, F and G)	-	-	13,099,237	13,099,237
Prepaid expenses (note C)	-	324,351	19,938	344,289
Total assets	<u>\$ 3,044,933</u>	<u>\$ 1,239,516</u>	<u>\$ 37,249,730</u>	<u>\$ 41,534,179</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 189,980	\$ -	\$ 98,461	\$ 288,441
Deferred income (note C)	-	-	400,578	400,578
Deferred lease income (note G)	-	-	2,626,390	2,626,390
Total liabilities	<u>189,980</u>	<u>-</u>	<u>3,125,429</u>	<u>3,315,409</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>				
Total Net Assets Available for Benefits	<u>\$ 2,854,953</u>	<u>\$ 1,239,516</u>	<u>\$ 34,124,301</u>	<u>\$ 38,218,770</u>

**ARCHDIOCESE OF BOSTON CLERGY FUNDS**  
Combining Statements of Net Assets Available for Benefits  
June 30, 2012

	<u>MEDICAL TRUST</u>	<u>RETIREMENT TRUST</u>	<u>FUNDING TRUST</u>	<u>TOTAL CLERGY FUNDS</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,071,589	\$ 1,583,966	\$ 5,919,288	\$ 8,574,843
Investments, at fair value (notes D and H)	1,002,630	-	15,094,868	16,097,498
Participating entities receivable, net (note E)	7,700	-	-	7,700
Accounts receivable, Medicare	150,000	-	-	150,000
Contributions receivable	-	-	150,000	150,000
Accounts receivable, other	-	86	257,662	257,748
Land and buildings, net (notes C, F and G)	-	-	13,439,911	13,439,911
Prepaid expenses	-	-	22,295	22,295
	<u>2,231,919</u>	<u>1,584,052</u>	<u>34,884,024</u>	<u>38,699,995</u>
Total assets	<u>\$ 2,231,919</u>	<u>\$ 1,584,052</u>	<u>\$ 34,884,024</u>	<u>\$ 38,699,995</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 32,552	\$ -	\$ 69,870	\$ 102,422
Deferred income (note C)	-	-	203,141	203,141
Deferred lease income (note G)	-	-	2,947,369	2,947,369
	<u>32,552</u>	<u>-</u>	<u>3,220,380</u>	<u>3,252,932</u>
Total liabilities	<u>32,552</u>	<u>-</u>	<u>3,220,380</u>	<u>3,252,932</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>				
Total Net Assets Available for Benefits	<u>\$ 2,199,367</u>	<u>\$ 1,584,052</u>	<u>\$ 31,663,644</u>	<u>\$ 35,447,063</u>



**ARCHDIOCESE OF BOSTON CLERGY FUNDS**

Combining Statements of Changes in Net Assets Available for Benefits

For the year ended June 30, 2013

	<u>MEDICAL TRUST</u>	<u>RETIREMENT TRUST</u>	<u>FUNDING TRUST</u>	<u>TOTAL CLERGY FUNDS</u>
<b>OPERATING REVENUE:</b>				
Collections from parishes	\$ -	\$ -	\$ 6,448,694	\$ 6,448,694
Assessments to participating entities	6,167,885	-	51,885	6,219,770
Medicare reimbursement	130,457	-	-	130,457
Total operating revenue	<u>6,298,342</u>	<u>-</u>	<u>6,500,579</u>	<u>12,798,921</u>
<b>OPERATING EXPENSES:</b>				
Benefits:				
Claims paid	5,416,955	-	-	5,416,955
Retirement benefits	-	3,815,229	-	3,815,229
Room and board (Note G)	-	-	543,952	543,952
Plan administrator	249,763	-	-	249,763
Unassigned and health leave benefits	-	-	268,161	268,161
Other expenses	(19,415)	-	36,929	17,514
Disability benefits	-	34,637	-	34,637
Medex benefits	-	845	31,409	32,254
Legal - estate planning	-	-	21,500	21,500
Total benefits	<u>5,647,303</u>	<u>3,850,711</u>	<u>901,951</u>	<u>10,399,965</u>
Administration:				
Salaries and benefits	-	-	442,838	442,838
Service fees	-	-	350,000	350,000
Contract services	-	-	329,000	329,000
Fundraising expense	-	-	148,087	148,087
Professional fees	-	-	131,387	131,387
Other administrative expenses	-	2,735	39,252	41,987
Total administration	<u>-</u>	<u>2,735</u>	<u>1,440,564</u>	<u>1,443,299</u>
Total operating expenses:	<u>5,647,303</u>	<u>3,853,446</u>	<u>2,342,515</u>	<u>11,843,264</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<u><b>651,039</b></u>	<u><b>(3,853,446)</b></u>	<u><b>4,158,064</b></u>	<u><b>955,657</b></u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Special event dinner, net of \$264,834 of costs	-	-	902,490	902,490
Gifts, bequests and donations	-	505,000	34,702	539,702
Rental income (Note G)	-	-	500,000	500,000
Interest and dividends	11,027	3,910	279,801	294,738
Net realized and unrealized gains (losses) on investments	(6,480)	-	105,295	98,815
Interest expense (Note G)	-	-	(179,021)	(179,021)
Depreciation expense (Note F)	-	-	(340,674)	(340,674)
Total non-operating revenues	<u>4,547</u>	<u>508,910</u>	<u>1,302,593</u>	<u>1,816,050</u>
<b>NET (DECREASE) INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS</b>	<u><b>655,586</b></u>	<u><b>(3,344,536)</b></u>	<u><b>5,460,657</b></u>	<u><b>2,771,707</b></u>
Net asset Funding (to)/from Clergy Benefit Trust	-	3,000,000	(3,000,000)	-
<b>NET ASSETS AVAILABLE FOR BENEFITS:</b>				
<b>BEGINNING OF YEAR</b>	<u><b>2,199,367</b></u>	<u><b>1,584,052</b></u>	<u><b>31,663,644</b></u>	<u><b>35,447,063</b></u>
<b>END OF YEAR</b>	<u><b>\$ 2,854,953</b></u>	<u><b>\$ 1,239,516</b></u>	<u><b>\$ 34,124,301</b></u>	<u><b>\$ 38,218,770</b></u>

**ARCHDIOCESE OF BOSTON CLERGY FUNDS**

Combining Statements of Changes in Net Assets Available for Benefits  
For the year ended June 30, 2012

	<u>MEDICAL TRUST</u>	<u>RETIREMENT TRUST</u>	<u>FUNDING TRUST</u>	<u>TOTAL CLERGY FUNDS</u>
<b>OPERATING REVENUE:</b>				
Collections from parishes	\$ -	\$ 250	\$ 7,252,447	\$ 7,252,697
Assessments to participating entities	6,505,662	-	80,324	6,585,986
Medicare reimbursement	115,675	-	-	115,675
Total operating revenue	<u>6,621,337</u>	<u>250</u>	<u>7,332,771</u>	<u>13,954,358</u>
<b>OPERATING EXPENSES:</b>				
Benefits:				
Claims paid	5,879,336	-	-	5,879,336
Retirement benefits	-	3,747,246	-	3,747,246
Room and board	-	-	2,565,648	2,565,648
Plan administrator	248,337	-	-	248,337
Unassigned and health leave benefits	-	-	240,632	240,632
Other expenses	30,669	-	25,004	55,673
Disability benefits	-	42,909	-	42,909
Medex benefits	-	-	36,892	36,892
Legal - estate planning	-	-	30,500	30,500
Total benefits	<u>6,158,342</u>	<u>3,790,155</u>	<u>2,898,676</u>	<u>12,847,173</u>
Administration:				
Salaries and benefits	-	-	420,880	420,880
Service fees	-	-	370,018	370,018
Contract services	-	-	332,920	332,920
Fundraising expense	-	-	148,777	148,777
Professional fees	-	-	93,542	93,542
Other administrative expenses	-	-	50,791	50,791
Total administration	<u>-</u>	<u>-</u>	<u>1,416,928</u>	<u>1,416,928</u>
Total operating expenses:	<u>6,158,342</u>	<u>3,790,155</u>	<u>4,315,604</u>	<u>14,264,101</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<u>462,995</u>	<u>(3,789,905)</u>	<u>3,017,167</u>	<u>(309,743)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Special event dinner, net of \$244,188 of costs	-	20,000	759,076	779,076
Gifts, bequests and donations	-	733,198	377,925	1,111,123
Rental income (Note G)	-	-	500,000	500,000
Interest and dividends	7,408	13,243	166,501	187,152
Net realized and unrealized gains on investments	-	-	32,698	32,698
Interest expense (Note G)	-	-	(198,836)	(198,836)
Depreciation expense (Note F)	-	-	(340,674)	(340,674)
Total non-operating revenues	<u>7,408</u>	<u>766,441</u>	<u>1,296,690</u>	<u>2,070,539</u>
<b>NET (DECREASE) INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS</b>	<u>470,403</u>	<u>(3,023,464)</u>	<u>4,313,857</u>	<u>1,760,796</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS:</b>				
<b>BEGINNING OF YEAR</b>	<u>1,728,964</u>	<u>4,607,516</u>	<u>27,349,787</u>	<u>33,686,267</u>
<b>END OF YEAR</b>	<u>\$ 2,199,367</u>	<u>\$ 1,584,052</u>	<u>\$ 31,663,644</u>	<u>\$ 35,447,063</u>