

**ROMAN CATHOLIC ARCHDIOCESE OF BOSTON  
401(K) RETIREMENT SAVINGS PLAN**

**FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2020 AND 2019 AND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**ROMAN CATHOLIC ARCHDIOCESE OF BOSTON 401(K) RETIREMENT SAVINGS PLAN**

Contents  
December 31, 2020 and 2019

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## Independent Auditor's Report

To the Plan Administrator and Retirement Committee of  
Roman Catholic Archdiocese of Boston 401(K) Retirement Savings Plan:

### **Report on the Financial Statements**

We were engaged to audit the accompanying financial statements of Roman Catholic Archdiocese of Boston 401(K) Retirement Savings Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2020, and the related statement of changes in net assets available for benefits for the year ended December 31, 2020, 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 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 financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2020, and changes in its net assets available for benefits for the year ended December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

***Other Matter - Supplemental Schedule***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets held at end of year as of December 31, 2020, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management, and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such 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 schedule is fairly stated in all material respects in relation to the financial statements as a whole.

***Other Matter - 2019 Financial Statements***

The financial statements of the Plan as of December 31, 2019, were audited by predecessor auditors. Their report, dated June 24, 2020, indicated that the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Roman Catholic Archdiocese of Boston 401(k) Retirement Savings Plan as of December 31, 2019 and 2018, and changes in its net assets available for benefits for the year ended December 31, 2019, in accordance with accounting principles generally accepted in the United States of America.

*AAFCPA, Inc.*

Westborough, Massachusetts  
August 16, 2021

**ROMAN CATHOLIC ARCHDIOCESE OF BOSTON 401(K) RETIREMENT SAVINGS PLAN**

Statements of Net Assets Available for Benefits  
December 31, 2020 and 2019

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<b>Assets</b>	<b>2020</b>	<b>2019</b>
Investments, at fair value	<u>\$ 150,482,663</u>	<u>\$ 127,377,018</u>
Receivables:		
Notes receivable from participants	705,995	764,806
Employee contributions	-	434,177
Employer contributions	-	188,617
Total receivables	<u>705,995</u>	<u>1,387,600</u>
<b>Net Assets Available for Benefits</b>	<u><u>\$ 151,188,658</u></u>	<u><u>\$ 128,764,618</u></u>

## ROMAN CATHOLIC ARCHDIOCESE OF BOSTON 401(K) RETIREMENT SAVINGS PLAN

Statement of Changes in Net Assets Available for Benefits  
For the Year Ended December 31, 2020

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### Additions to Net Assets Attributed to:

Investment income:	
Net appreciation in fair value of investments	\$ 10,327,872
Interest and dividend income	<u>6,370,251</u>
Total investment income	<u>16,698,123</u>
Interest income on notes receivable from participants	<u>44,791</u>
Contributions:	
Participant	10,952,889
Employer	4,756,677
Rollovers	<u>1,444,605</u>
Total contributions	<u>17,154,171</u>
Total additions	<u>33,897,085</u>

### Deductions from Net Assets Attributed to:

Benefits paid to participants	11,471,627
Administrative expenses	<u>1,418</u>
Total deductions	<u>11,473,045</u>
Net increase	22,424,040

### Net Assets Available for Benefits:

Beginning of year	<u>128,764,618</u>
End of year	<u><u>\$ 151,188,658</u></u>

## ROMAN CATHOLIC ARCHDIOCESE OF BOSTON 401(K) RETIREMENT SAVINGS PLAN

Notes to Financial Statements  
December 31, 2020 and 2019

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### 1. DESCRIPTION OF PLAN

The following description of the Roman Catholic Archdiocese of Boston 401(K) Retirement Savings (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

#### a. General

The Plan became effective and employees began making contributions on January 1, 2012, when a signed service contract was established between the Roman Catholic Archdiocese of Boston and the service provider, Teachers Insurance and Annuity Association (TIAA).

The Plan is a defined contribution plan established to provide retirement benefits for employees of parishes, schools, cemeteries or other locations that are part of the Roman Catholic Archdiocese of Boston (the Plan Sponsor), or any separately incorporated Catholic entity listed in the Catholic Directory that has signed a participation agreement with the Plan Sponsor. The plan administrator and Retirement Committee are responsible for oversight of the Plan.

Lay employees and incarnate priests of the aforementioned entities are eligible to participate in the Plan. Exempt employees include union workers, those working less than 20 hours per week, members of religious orders, interns, fellows, student teachers, seminarians, substitute teachers, or students on temporary work assignment as part of a cooperative education program.

#### b. Contributions

Participants may, upon being hired, contribute up to 100% of annual compensation, as defined in the Plan, up to the maximum allowed by the Internal Revenue Code (the Code). Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified retirement plans (rollovers). The Plan includes an auto-enrollment provision whereby all newly eligible employees hired subsequent to September 1, 2015, are automatically enrolled in the Plan unless they affirmatively elect otherwise. Automatically enrolled participants have their deferral rate set at 3% of pre-tax eligible compensation, and their contributions are invested in the default investment fund until changed by the participant. If the participant has already set up custom investment allocations, those allocations are applied to the automatic deferrals.

The Plan Sponsor makes matching contributions equal to 100% of the first 3% of eligible compensation, plus 50% of the next 2% of eligible compensation deferred for eligible lay employees and priests. Participants are eligible to receive Plan Sponsor matching contributions upon completing one year of service (defined as one continuous twelve-month period during which the employee worked 1,000 hours).

#### c. Participant Accounts

Each participant's account is credited with the participant's contributions, Plan Sponsor contributions and an allocation of plan earnings. Participant accounts are directly charged with expenses relating to distribution and loan processing fees that are paid by Plan participants. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account balance.

## ROMAN CATHOLIC ARCHDIOCESE OF BOSTON 401(K) RETIREMENT SAVINGS PLAN

Notes to Financial Statements  
December 31, 2020 and 2019

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### 1. DESCRIPTION OF PLAN (Continued)

#### d. Vesting

Participants are immediately vested in all deferral, rollover and employer contributions, including the earnings on these amounts, regardless of when these contributions were made.

#### e. Notes Receivable from Participants

The Plan allows for participants to borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or one-half of their vested account balance. Loan terms range from one to five years, except for loans to purchase a primary residence, which may be offered over a term up to 15 years. The loans are secured by the balance in the participant's account and bear interest at a commercially reasonable rate, as determined by the plan administrator. Loan repayments of principal and interest are paid ratably through payroll deductions.

The Plan adopted the loan provision of the Coronavirus Aid, Relief and Economic Security (CARES) Act that was signed into law on March 27, 2020. The loan provision of the CARES Act increased the loan limit to \$100,000, and the Plan adopted the temporary loan repayment deferral provision of the CARES Act. The deferral provision adopted by the Plan allows qualified Plan participants who have Plan loan repayments to defer such repayments until December 31, 2020.

#### f. Payment of Benefits

Upon retirement, disability, death or termination of employment, participants shall receive either installment payments or a lump-sum amount equal to the value of his or her account. The Plan also provides for in-service withdrawals by qualified participants who have reached the age of 59 1/2. Distributions will be paid by lump sum or in installments over a number of years, based upon election of the participant or the Plan, as defined in the Plan or the Code. The Plan requires balances up to \$5,000 be paid out to participants upon termination.

A participant may also request a withdrawal upon demonstration to the plan administrator that they are suffering a "hardship". Hardship is defined in applicable regulations promulgated or to be promulgated pursuant to the applicable section of the IRC or standards established by the Secretary of the Treasury or his delegate.

The Plan also adopted the distribution provision of the CARES Act, which allows the Plan's participants to take a distribution up to \$100,000 from the Plan beginning January 1, 2020 through December 31, 2020.

#### g. Forfeitures

Forfeited non-vested accounts are used to reduce Plan Sponsor contributions or pay administrative expenses of the Plan. As of December 31, 2020 and 2019, forfeited non-vested accounts totaled \$7,179 and \$12,085, respectively. The Plan utilized \$10,023 in forfeitures to reduce Plan Sponsor contributions during 2020.



## ROMAN CATHOLIC ARCHDIOCESE OF BOSTON 401(K) RETIREMENT SAVINGS PLAN

Notes to Financial Statements  
December 31, 2020 and 2019

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Presentation**

The Plan prepares its financial statements in accordance with generally accepted accounting principles established by the Financial Accounting Standards Board (FASB). References to generally accepted accounting principles (U.S. GAAP) in these notes are to the FASB Accounting Standards Codification (ASC).

#### **Use of Estimates**

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

#### **Investment Valuation and Income Recognition**

Investments are reported at fair value, which is 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 date. Units held by the Plan in variable annuity accounts are based on each fund's daily net asset value (NAV), which is considered by the plan administrator to be the best approximation of fair value. See Note 3 for disclosure of fair value measurements.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes gains and losses on investments bought and sold, as well as held during the year.

#### **Notes Receivable from Participants**

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when incurred. No allowances for credit losses have been recorded as of December 31, 2020 and 2019. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced, and a benefit payment is recorded. As of December 31, 2020, there were \$24,596 of defaulted loans included in benefits paid to participants in the accompanying statement of changes in net assets available for benefits.

#### **Benefits Paid to Participants**

Benefits are recorded when paid.

#### **Administrative Expenses**

Certain expenses of maintaining the Plan are paid directly by the Plan Sponsor and are excluded from these financial statements. The Plan Sponsor charges each participating organization an administrative fee based on eligible employee compensation and uses these funds to pay the majority of the costs of administering the Plan. Administrative expenses include fees related to the administration of notes receivable that are charged directly to participant's accounts. Investment related expenses are included in net appreciation in fair value of investments.

## ROMAN CATHOLIC ARCHDIOCESE OF BOSTON 401(K) RETIREMENT SAVINGS PLAN

Notes to Financial Statements  
December 31, 2020 and 2019

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Subsequent Events

Subsequent events have been evaluated through August 16, 2021, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

### 3. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants as of the measurement date. ASC 820, *Fair Value Measurements*, establishes a hierarchy of the valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The fair value hierarchy is as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value:

*Mutual and money market funds:* Valued at the daily closing price as reported by the fund. Mutual and money market funds held by the Plan are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual and money market funds held by the Plan are deemed to be actively traded.

**ROMAN CATHOLIC ARCHDIOCESE OF BOSTON 401(K) RETIREMENT SAVINGS PLAN**

Notes to Financial Statements  
December 31, 2020 and 2019

**3. FAIR VALUE MEASUREMENTS (Continued)**

*Variable annuities:* The fair value of accumulation units held by the Plan in variable annuity accounts are based on each account's daily NAV, which is considered by Plan management to be the best approximation of fair value. The NAV is used as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the account will be sold for an amount different from NAV. As of December 31, 2020 and 2019, the Plan had no plans to sell the account at amounts different from NAV. CREF accounts are not exchange traded. Data for NAVs is available daily to plan administrators and client investors on TIAA's website, and provides sufficient corroborative evidence to ascertain the relationship between each fund's NAV and the values of individual underlying holdings. Underlying holdings are primarily valued using market quotations or prices obtained from independent pricing sources. Investments in the variable annuity accounts have daily redemption notice periods and redemption frequency. There were no unfunded commitments from participants in the Plan who invest in these accounts. Funds in this category invest in a diversified portfolio of domestic and/or foreign stocks to achieve a long-term rate of return.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

<u>Description</u>	<b>2020</b>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Mutual funds	\$ 145,610,115	\$ -	\$ -	\$ 145,610,115
Money market funds	<u>3,445,510</u>	<u>-</u>	<u>-</u>	<u>3,445,510</u>
Total assets in the fair value hierarchy	<u>\$ 149,055,625</u>	<u>\$ -</u>	<u>\$ -</u>	149,055,625
Investments measured at NAV				<u>1,427,038</u>
Total investments, at fair value				<u>\$ 150,482,663</u>
<u>Description</u>	<b>2019</b>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Mutual funds	\$ 123,329,812	\$ -	\$ -	\$ 123,329,812
Money market funds	<u>2,608,304</u>	<u>-</u>	<u>-</u>	<u>2,608,304</u>
Total assets in the fair value hierarchy	<u>\$ 125,938,116</u>	<u>\$ -</u>	<u>\$ -</u>	125,938,116
Investments measured at NAV				<u>1,438,902</u>
Total investments, at fair value				<u>\$ 127,377,018</u>

## ROMAN CATHOLIC ARCHDIOCESE OF BOSTON 401(K) RETIREMENT SAVINGS PLAN

Notes to Financial Statements  
December 31, 2020 and 2019

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### 3. FAIR VALUE MEASUREMENTS (Continued)

#### Changes in Fair Value

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the year ended December 31, 2020, there were no transfers between investments.

### 4. INCOME TAX STATUS

The Plan received a favorable determination letter from the Internal Revenue Service (IRS) dated June 20, 2016, stating that the Plan, with amendments made through April 15, 2015, meets the requirements of Section 401-1(b)(3) of the Code and is, therefore, exempt from Federal income taxes under IRS Section 501(a). The Plan has been amended since receiving the determination letter, and the Plan Sponsor believes that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the Code and, therefore, no provision for income taxes has been included in the Plan's financial statements.

U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain tax position that more-likely-than-not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

### 5. PLAN TERMINATION

Although they have not expressed any intention to do so, the Plan Sponsor may completely or partially amend or terminate the Plan at any time. In the event of plan termination, all accrued benefits shall be paid to participants in accordance with the provisions of the Plan.

### 6. PARTY-IN-INTEREST TRANSACTIONS

Parties-in-interest include, among others, fiduciaries or employees of the Plan, any person who provides services to the Plan or an employer whose employees are covered by the Plan. Accordingly, transactions with investment funds managed and held by the custodian, expenses paid to the Plan's custodian out of Plan assets, and notes receivable from participants are considered party-in-interest transactions. There were \$1,418 of administrative expenses paid to the custodian by the Plan for the year ended December 31, 2020.

### 7. RISKS AND UNCERTAINTIES

The Plan invests in various investments. Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that these changes could materially affect participant account balances and the amounts reported in the accompanying statements of net assets available for benefits.

During Plan year 2020, COVID-19 was recognized as a global pandemic. The impact of COVID-19 on the Plan Sponsor, and by extension to the Plan, will depend upon, among other things, the duration, spread and intensity of the pandemic; related government responses, such as required physical distancing; restrictions on business operations and travel; the efficacy of vaccination protocols; the pace of economic recovery; and the impact to consumers, all of which are uncertain and difficult to predict. The financial impact to the Plan Sponsor and the Plan, if any, cannot be reasonably estimated at this time.

## ROMAN CATHOLIC ARCHDIOCESE OF BOSTON 401(K) RETIREMENT SAVINGS PLAN

Notes to Financial Statements  
December 31, 2020 and 2019

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### 8. RECLASSIFICATION

Certain amounts in the 2019 financial statements have been reclassified to conform with the 2020 presentation. The reclassifications had no impact on net increase in net assets available for benefits or net assets available for benefits as previously reported.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON 401(K) RETIREMENT SAVINGS PLAN

Schedule of Assets Held at End of Year  
December 31, 2020

(a)	(b)	(c)	(d)	(e)
Party-In-Interest	Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investments, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost	Current Value
	JPMorgan Smart Ret 2025 Select	Mutual Fund	**	\$ 26,838,784
	JPMorgan Smart Ret Inc Select	Mutual Fund	**	23,291,581
	JPMorgan Smart Ret 2020 Select	Mutual Fund	**	23,035,132
	JPMorgan Smart Ret 2030 Select	Mutual Fund	**	14,997,078
	Vanguard 500 Idx Adm	Mutual Fund	**	9,322,169
	JPMorgan Smart Ret 2050 Select	Mutual Fund	**	9,161,876
	JPMorgan Smart Ret 2035 Select	Mutual Fund	**	9,037,080
	JPMorgan Smart Ret 2040 Select	Mutual Fund	**	7,347,305
	JPMorgan Smart Ret 2045 Select	Mutual Fund	**	5,395,502
	Vanguard Treasury MoneyMkt Inv	Money Market Fund	**	3,445,510
	Metropolitan West TotRet Bnd I	Mutual Fund	**	2,394,833
	Franklin Growth Fund Advisor	Mutual Fund	**	2,265,672
*	CREF Equity Index R1	Variable Annuity	**	1,427,038
	MFS Intl Intrinsic Value R3	Mutual Fund	**	1,389,610
	American Century Mid Cap Val A	Mutual Fund	**	1,261,372
	BlackRock Global Allocation A	Mutual Fund	**	1,219,930
	American EuroPac Growth R6	Mutual Fund	**	1,168,420
	Ave Maria Rising Dividend Fund	Mutual Fund	**	1,037,379
	BlackRock Inflat Prot Bnd Inst	Mutual Fund	**	1,010,339
*	TIAA-CREF Sm-Cap Bl Idx-Rtmt	Mutual Fund	**	912,078
	T Rowe Price High Yield	Mutual Fund	**	908,730
	PGIM Jennison Mid Cap Growth A	Mutual Fund	**	837,929
	DFA Emerging Markets I	Mutual Fund	**	672,639
	JPMorgan Smart Ret 2055 Select	Mutual Fund	**	629,972
	MFS Value R3	Mutual Fund	**	585,154
	PIMCO Intl Bd USDolHed Inst	Mutual Fund	**	457,722
	JPMorgan Smart Ret 2060 Select	Mutual Fund	**	431,829
*	Participant Loans	Interest rates ranging from 4.25% to 6.50%, maturing through June 2026	-	705,995
	Total Investments			<u>\$ 151,188,658</u>

\* Party-In-Interest

\*\* The cost of participant-directed investments is not required to be disclosed.