

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

**FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2021 AND 2020 AND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

Contents  
December 31, 2021 and 2020

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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:

### ***Opinion***

We have audited the accompanying financial statements of Roman Catholic Archdiocese of Boston 401(K) Retirement Savings Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2021 and 2020, and the related statement of changes in net assets available for benefits for the year ended December 31, 2021, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2021 and 2020, and the changes in its net assets available for benefits for the year ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

***Auditor's Responsibilities for the Audit of the Financial Statements*** (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***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, 2021, 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.

*AAFCPA, Inc.*

Westborough, Massachusetts  
July 25, 2022

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

Statements of Net Assets Available for Benefits  
December 31, 2021 and 2020

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<b>Assets</b>	<b>2021</b>	<b>2020</b>
Investments, at fair value	\$ 174,766,083	\$ 150,482,663
Notes receivable from participants	770,637	705,995
<b>Net Assets Available for Benefits</b>	<b>\$ 175,536,720</b>	<b>\$ 151,188,658</b>

## 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, 2021

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### Additions to Net Assets Attributed to:

Investment income:	
Interest and dividend income	\$ 10,118,901
Net appreciation in fair value of investments	8,925,160
	<hr/>
Total investment income	19,044,061
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Interest income on notes receivable from participants	41,472
	<hr/>
Contributions:	
Participant	11,362,980
Employer	4,678,265
Rollover	1,593,204
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Total contributions	17,634,449
	<hr/>
Total additions	36,719,982

### Deductions from Net Assets Attributed to:

Benefits paid to participants	12,312,194
Administrative expenses	59,726
	<hr/>
Total deductions	12,371,920
	<hr/>
Net increase	24,348,062

### Net Assets Available for Benefits:

Beginning of year	151,188,658
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End of year	\$ 175,536,720

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

Notes to Financial Statements  
December 31, 2021 and 2020

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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 eligible 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.

#### 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 (rollover contributions). 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. Effective July 1, 2021, re-hired employees and those changing to benefit-eligible were also subject to auto-enrollment. 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, 2021 and 2020

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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.

#### 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 their delegate.

#### g. Forfeitures

Forfeitures represent non-vested Plan Sponsor contributions forfeited by participants who terminate their employment or who withdraw from the Plan. Forfeited non-vested accounts are used to reduce Plan Sponsor contributions or pay administrative expenses of the Plan. As of December 31, 2021 and 2020, forfeited non-vested accounts totaled \$10,261 and \$7,179, respectively. The Plan utilized \$2,764 of forfeitures to reduce Plan Sponsor contributions during 2021.

#### h. Revenue Credit Account

Pursuant to a service agreement between the Plan Sponsor and TIAA, the Plan custodian, service fees in excess of an amount defined in the agreement are credited to the Plan's revenue credit account. The revenue credit account is used to pay administrative expenses of the Plan. During the year ended December 31, 2021, credits to the revenue credit account totaled \$100,958. During the year ended December 31, 2021, the Plan Sponsor paid administrative expenses totaling \$30,000 from the revenue credit account and are netted against administrative expenses on the statement of changes in net assets available for benefits. As of December 31, 2021 and 2020, the balance in the revenue credit account is \$170,424 and \$99,449, respectively, and is held in the money market fund.



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

Notes to Financial Statements  
December 31, 2021 and 2020

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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 on notes receivable from participants 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, 2021 and 2020. 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, 2021, there were \$3,484 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 netted with net appreciation in fair value of investments.

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

Notes to Financial Statements  
December 31, 2021 and 2020

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

#### Subsequent Events

Subsequent events have been evaluated through July 25, 2022, which is the date the financial statements were available to be issued. During plan year 2022, the Plan will change service providers from TIAA to Voya Retirement Insurance and Annuity Company. There were no other 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 Topic 820, *Fair Value Measurement*, 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, 2021 and 2020

### 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, the Plan had no plans to sell the account at amounts different from NAV. As of December 31, 2021, the Plan no longer held any variable annuities. 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>	<u>2021</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Mutual funds	\$ 171,812,386	\$ -	\$ -	\$ 171,812,386
Money market funds	2,953,697	-	-	2,953,697
Total investments, at fair value	<u>\$ 174,766,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,766,083</u>
<u>Description</u>	<u>2020</u>			<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	3,445,510	-	-	3,445,510
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>

### 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.

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

Notes to Financial Statements  
December 31, 2021 and 2020

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### 4. INCOME TAX STATUS (Continued)

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 \$59,726 of administrative expenses paid to the custodian by the Plan for the year ended December 31, 2021.

### 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.

COVID-19 was recognized as a global pandemic in 2020 which has continued to evolve into 2022. This pandemic has adversely affected global economic activity and has contributed to significant volatility in financial markets. Since the values of the Plan's individual investments have and will fluctuate in response to changing market conditions, the magnitude of losses that will be recognized in subsequent periods, if any, and the related impact on the Plan's liquidity cannot be determined at this time.

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

Schedule of Assets Held at End of Year  
December 31, 2021

(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
	American Funds 2025 Target Retirement R6	Mutual Fund	**	\$ 29,947,131
	American Funds 2020 Target Retirement R6	Mutual Fund	**	26,632,891
	American Funds 2030 Target Retirement R6	Mutual Fund	**	18,285,232
	Vanguard Inst Indx Inst	Mutual Fund	**	14,401,414
	American Funds 2035 Target Retirement R6	Mutual Fund	**	12,401,526
	American Funds 2015 Target Retirement R6	Mutual Fund	**	11,394,325
	American Funds 2050 Target Retirement R6	Mutual Fund	**	11,181,412
	American Funds 2040 Target Retirement R6	Mutual Fund	**	9,530,665
	American Funds 2010 Target Retirement R6	Mutual Fund	**	9,429,512
	American Funds 2045 Target Retirement R6	Mutual Fund	**	7,221,226
	Vanguard Treasury MoneyMkt Inv	Money Market Fund	**	2,953,697
	Franklin Growth Fund R6	Mutual Fund	**	2,691,233
	Metropolitan West Total Retirement Bond Plan	Mutual Fund	**	2,635,677
	American Cent Mid Cap Value Fund Class R6	Mutual Fund	**	1,658,430
	Blackrock Global Allocation Class K	Mutual Fund	**	1,575,837
	MFS Intl Intrinsic Value R6	Mutual Fund	**	1,441,699
	Ave Maria Rising Dividend Fund	Mutual Fund	**	1,436,305
	American EuroPac Growth R6	Mutual Fund	**	1,272,557
	Blackrock Inflation Protected Bond K	Mutual Fund	**	1,250,110
*	TIAA-CREF Sm-Cap BI Indx-Inst	Mutual Fund	**	1,136,328
	American Funds 2055 Target Retirement R6	Mutual Fund	**	1,092,197
	T. Rowe Price High Yield Fund I	Mutual Fund	**	1,051,731
	American Funds 2060 Target Retirement R6	Mutual Fund	**	1,026,254
	PGIM Jennison Mid Cap Growth R6	Mutual Fund	**	939,475
	MFS Value Fund Class R6	Mutual Fund	**	931,668
	DFA Emerging Markets I	Mutual Fund	**	781,941
	PIMCO Intl Bd USDolHed Inst	Mutual Fund	**	439,046
	American Funds 2065 Target Retirement R6	Mutual Fund	**	26,564
*	Participant Loans	Interest rates ranging from 4.25% to 6.50%, maturing through November 2026	-	770,637
	Total Investments			<u>\$ 175,536,720</u>
*	Party-In-Interest			
**	The cost of participant-directed investments is not required to be disclosed.			