

**ROMAN CATHOLIC ARCHDIOCESE OF BOSTON
PENSION PLAN**

**FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Table of Contents

June 30, 2014 and 2013

	<u>Page</u>
Independent Auditor’s Report	1 - 1A
Financial Statements:	
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	3
Statements of Accumulated Plan Benefits	4
Statements of Changes in Accumulated Plan Benefits	5
Notes to Financial Statements.....	6 - 15



CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

Where Every Client Is A Valued Client

Alexander, Aronson, Finning & Co., P. C.

21 East Main Street, Westborough, MA 01581-1461 (508) 366-9100
Boston, MA (617) 205-9100 Wellesley, MA (781) 965-9100
www.aafcpa.com FAX (508) 366-9789 info@aafcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Roman Catholic Archdiocese of Boston Pension Plan:

Report on the Financial Statements

We have audited the accompanying financial statements of the Roman Catholic Archdiocese of Boston Pension Plan (the Plan), which comprise the statements of net assets available for benefits and of accumulated plan benefits as of June 30, 2014 and 2013, and the related statements of changes in net assets available for benefits and 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 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 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 audits 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.

The Board of Trustees of the
Roman Catholic Archdiocese of Boston Pension Plan
Page II

Opinion

In our opinion, the financial statements referred to on page one present fairly, in all material respects, the financial status of the Plan as of June 30, 2014 and 2013, and the changes in its financial status for the years ended June 30, 2014 and 2013, in accordance with accounting principles generally accepted in the United States of America.

Alexander, Acorn, Fenning & Co., P.C.
Boston, Massachusetts
December 10, 2014

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Statements of Net Assets Available for Benefits

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS:		
INVESTMENTS , at fair value:		
Roman Catholic Archbishop of Boston Collective Investment Partnership	\$ 221,481,214	\$ 211,396,600
CASH AND CASH EQUIVALENTS	4,680,766	1,003,938
PREPAID EXPENSES	1,384,834	1,380,291
PARTICIPATING EMPLOYERS' RECEIVABLES , less allowance for uncollectible accounts of \$8,799 and \$39,122 at June 30, 2014 and 2013, respectively	50,786	21,001
NOTE RECEIVABLE	8,042	-
Total assets	227,605,642	213,801,830
LIABILITIES:		
EMPLOYER WITHDRAWALS PAYABLE	2,636,220	-
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	153,002	131,950
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 224,816,420</u>	<u>\$ 213,669,880</u>

The accompanying notes are an integral part of these statements.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Statements of Changes in Net Assets Available for Benefits

For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Net appreciation in fair value of investments	\$ 28,929,631	\$ 21,242,411
Participating employers' contributions	9,095,474	7,898,569
Interest and other income	10,329	13,668
	<hr/>	<hr/>
Total additions	38,035,434	29,154,648
	<hr/>	<hr/>
DEDUCTIONS TO NET ASSETS ATTRIBUTED TO:		
Benefits paid to participants	20,648,958	22,161,967
Employer withdrawals (annuity purchases)	5,383,020	179,416
General and administrative expenses	887,239	1,067,417
Provision (recovery) for uncollectible assessments, net	(30,323)	19,110
	<hr/>	<hr/>
Total deductions	26,888,894	23,427,910
	<hr/>	<hr/>
Net increase in net assets available for benefits	11,146,540	5,726,738
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	<hr/> 213,669,880	<hr/> 207,943,142
NET ASSETS AVAILABLE FOR BENEFITS, end of year	<hr/> \$ 224,816,420	<hr/> \$ 213,669,880

The accompanying notes are an integral part of these statements.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Statements of Accumulated Plan Benefits

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS:		
Vested benefits:		
Participants currently receiving benefits	\$ 156,834,699	\$ 158,365,385
Other participants	<u>89,575,002</u>	<u>94,588,566</u>
Total vested benefits	246,409,701	252,953,951
Non-vested benefits	<u>593,983</u>	<u>3,241,246</u>
TOTAL ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS	<u><u>\$ 247,003,684</u></u>	<u><u>\$ 256,195,197</u></u>

The accompanying notes are an integral part of these statements.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Statements of Changes in Accumulated Plan Benefits

For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AT BEGINNING OF YEAR	<u>\$ 256,195,197</u>	<u>\$ 260,713,665</u>
INCREASE (DECREASE) DURING THE YEAR		
ATTRIBUTABLE TO:		
Benefits accumulated (including noninvestment experience)	(898,818)	2,177,806
Interest (decrease in the discount period)	15,886,197	16,216,968
Benefits paid	(20,648,958)	(22,161,968)
Change in actuarial assumptions	385,240	396,592
Change in plan provisions	(1,129,551)	(957,303)
Annuity purchases	(3,705,426)	(190,563)
Transfer	919,803	-
	<u> </u>	<u> </u>
Net decrease	<u>(9,191,513)</u>	<u>(4,518,468)</u>
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AT END OF YEAR	<u><u>\$ 247,003,684</u></u>	<u><u>\$ 256,195,197</u></u>

The accompanying notes are an integral part of these statements.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Notes to Financial Statements

June 30, 2014 and 2013

NOTE A - DESCRIPTION OF THE PLAN

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

General

The original effective date of the Plan was January 1, 1963. The Plan was last amended and restated effective January 1, 2011.

The Plan is a non-contributory (while no employee contributions are currently made, the Plan document suggests there were such contributions before 1976) defined benefit pension plan covering substantially all lay employees who work for a participating employer. All participating employers are Catholic organizations, the majority of which operate within the Archdiocese of Boston. The Plan provides benefits for normal, early, disability, and postponed retirement.

Effective December 31, 2011, the Plan was frozen and no additional benefits will accrue.

Eligibility

For all employees, participation began on the first day of the month following the later of (a) the date the employer joins the Plan, or (b) the earlier of the completion of three years of service or the attaining of age 21, with one year of service. Employees of participating employers which froze participation in the Plan ceased to be eligible to become participants effective on the agreed freeze date. Employees hired by an active participating employer after December 1, 2010, will not be eligible to participate in the Plan. For participating employers that were already frozen as of December 1, 2010, employees hired at these participating employers on or after their effective freeze dates were not eligible to participate in the Plan for accrual purposes at those participating employers. As of December 31, 2011, all participants stopped accruing benefits. Employees with five or more years of service remained vested. Employees with at least one year of service as of December 31, 2011, were allowed to continue to add years of service towards vesting after the freeze date.

Benefits

The total annual amount of accrued pension benefits beginning at normal retirement age of 65 with five years of service is equal to the sum of the following:

- (a) 133-1/3% of the annual amount of pension, if any, accrued by such participant through June 30, 1987, under the terms of the Plan as constituted on that date;
- (b) 2% of eligible earnings for each year of service completed between June 30, 1987, and/or before December 31, 2003, plus 0.47% of the eligible earnings after 1994 that exceed twice the covered compensation;
- (c) 2% of eligible earnings for each year of service completed after December 31, 2003, up to a maximum of \$20,000 per year, plus 1% of the amount by which the eligible earnings for each year of service after December 31, 2003, exceed \$20,000.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Notes to Financial Statements (Continued)

June 30, 2014 and 2013

NOTE A - DESCRIPTION OF THE PLAN (Continued)

Benefits (Continued)

A participant is eligible for early retirement by election or disability. A participant who is 55 years of age and has five years of service credit may elect to receive early pension benefits. A participant who has five years of service credit, who is at least 55 and who is totally and permanently disabled is entitled to early pension benefits. The annual amount of early pension benefits payable to an eligible participant contains an actuarial reduction in normal benefits because of an earlier retirement age.

A 50% Survivor Spouse Pension is applicable to all vested participants who have been married to their spouse for at least one year at the date of death. The monthly pension will commence on the first day of the month following the participant's death, if the participant died after attaining age 55, or on the first day of the month following the date on which the participant would have attained age 55, and will continue as payable on the first day of each month during the spouse's lifetime, terminating with the payment made on the first day of the month in which the spouse's death occurs.

See Note J concerning the cessation of benefit accruals for all participants as of December 31, 2011, and certain voluntary benefit elections permitted by the Trustees.

The Plan includes a post-retirement life insurance benefit whereby participants terminating from active employment after the age of 55 and receiving monthly pension benefits are entitled to designate a beneficiary to receive a benefit of up to a maximum of \$10,000. This benefit is pro-rated for retiring participants with service of less than ten years.

Beginning in December, 2010, the Plan's Trustees initiated the option to allow eligible participants to voluntarily elect to receive lump-sum payments. The Plan has made payments to eligible participants according to rules outlined in the Plan document since that date.

Plan Expenses

Fees related to the administration of the Plan are generally paid by the Plan. Brokerage fees and commissions are included in the cost of investments when purchased and in determining the net proceeds on sales of investments. Investment management fees are paid from the respective assets of the investment option.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Plan prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes 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, liabilities and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements and changes therein. Actual results may differ from those estimates.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Notes to Financial Statements (Continued)

June 30, 2014 and 2013

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of presentation of the statements of net assets available for benefits, cash includes all bank accounts and overnight investments from the accounts. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less and are reported at cost, which approximates fair value.

The Plan deposits its cash in major financial institutions, which are insured within the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, cash balances may exceed the insured amounts. The Plan has not experienced any losses in such accounts. The Plan believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investment Valuation and Income Recognition

The Plan's investments are carried at fair value. Changes in fair value are reflected in the statements of changes in net assets available for benefits as net appreciation in fair value of changes in investments.

The Plan invests in the Roman Catholic Archbishop of Boston Collective Investment Partnership (the Partnership). The fair value of the Partnership's investments in domestic and foreign securities listed on security exchanges is valued at the last reported sales price, or if there is no such reported sale or official closing price, at the most recent quoted bid price. For those securities whose prices are not available through independent pricing services, bid price quotations are obtained by State Street from the principle market makers in those securities or at fair value as determined in good faith by management. Investment holdings of price investment entities that are not actively traded are valued based on the net asset value per share on the valuation date as reported by the individual investment managers.

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 in fair value of investments includes the Plan's gains and losses on investments bought and sold, as well as held during the year. See Note C for discussion of fair value measurements.

Participating Employers' Receivables

Amounts receivable from participating employers are stated net of an allowance for uncollectible accounts, which are reported on the Plan's statements of net assets available for benefits. The allowance is established through a provision for uncollectible assessments. On a periodic basis, management evaluates its receivables 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 based on evaluations of the collectability of individual accounts.

Funding Policy

The Plan's funding policy is for the employers to contribute an amount which will meet or exceed the annual minimum funding requirement. During 2014 and 2013, the employers made contributions of \$9,095,474 and \$7,898,569, respectively.

Although it has not expressed any intention to do so, the Trustees have the right under the Plan to discontinue its employer contributions at any time and to terminate the Plan subject to the provisions of the Plan document.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Notes to Financial Statements (Continued)

June 30, 2014 and 2013

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Payment of Benefits

Benefits payments to participants are recorded upon distribution.

Administrative Expenses

The Plan pays office and other administrative expenses that consist primarily of fees paid to third-party administrators, accounting fees, and actuary services. The Plan also pays a service fee for administrative, technology, and clerical services which are charged to the Plan by the Roman Catholic Archbishop of Boston, A Corporation Sole (see Note G). These expenses are reported on the statements of changes in net assets available for benefits as general and administrative expenses.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits payable under all circumstances (retirement, death, disability, and termination of employment) are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by October Three, LLC for fiscal years 2014 and 2013, and is the amount that results from applying actuarial assumptions to adjust the accumulated 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.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Notes to Financial Statements (Continued)

June 30, 2014 and 2013

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Actuarial Present Value of Accumulated Plan Benefits (Continued)

The significant actuarial assumptions used in the valuations as of July 1, 2014 and 2013, are as follows:

	<u>2014</u>	<u>2013</u>
Investment return	6.50%	6.50%
Salary increases	0.00%	0.00%
Cost of living increases	N/A	N/A
Future expenses	4.00%	4.00%
Mortality	2014 IRS Static Mortality Table (based on RP-2000)	2013 IRS Static Mortality Table (based on RP-2000)
Termination	<u>Age</u> <u>Annual Rate</u>	<u>Age</u> <u>Annual Rate</u>
	25 0.318	25 0.318
	35 0.17	35 0.17
	45 0.089	45 0.089
	55 0	55 0
	65 0	65 0
Retirement age	Age 65	Age 65
Form of payment	Life annuity	Life annuity
Actuarial cost method	Unit credit	Unit credit

The mortality assumption was changed from the 2013 IRS Static Mortality Table (sex distinct, based on RP-2000) to the 2014 IRS Static Mortality Table (sex distinct, based on RP-2000), effective July 1, 2014. The effect of this change was to increase the actuarial value of accumulated plan benefits by \$385,240 as of July 1, 2014.

The mortality assumption was changed from the 2012 IRS Static Mortality Table (sex distinct, based on RP-2000) to the 2013 IRS Static Mortality Table (sex distinct, based on RP-2000), effective July 1, 2013. The effect of this change was to increase the actuarial value of accumulated plan benefits by \$396,592 as of July 1, 2013.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Subsequent Events

Subsequent events have been evaluated through December 10, 2014, which is the date the financial statements were available to be issued.

NOTE C - FAIR VALUE MEASUREMENTS

The Plan has adopted the criteria for the *Fair Value Measurements* standard. This standard defines fair value, establishes a framework for measuring fair value under U.S. GAAP, and mandates disclosures about fair value measurements. The criterion establishes a fair value framework that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value framework are described 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; or 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.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The methods used for valuing the assets and liabilities are not necessarily an indication of the risks associated with those assets.

There have been no changes in the methodologies used at June 30, 2014 and 2013.

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

Collective Investment Partnership: The Plan's unit holdings in the Partnership do not have quoted prices in active markets or significant other observable inputs that have quoted market prices, although the Plan can redeem its investment at the net asset value per share at June 30, 2014. These assets are valued using Level 2 inputs under the fair value hierarchy. The Plan evaluates the Partnership's estimate of the fair value of the Plan's unit holdings in the Partnership based on the Plan's share of the underlying investment portfolio that mainly consists of actively traded equities, bonds and money market funds.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Notes to Financial Statements (Continued)

June 30, 2014 and 2013

NOTE C - FAIR VALUE MEASUREMENTS (Continued)

The following table presents by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2014:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Roman Catholic Archbishop of Boston Collective Investment Partnership	\$ -	\$221,481,214	\$ -	\$221,481,214

The following table presents by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2013:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Roman Catholic Archbishop of Boston Collective Investment Partnership	\$ -	\$211,396,600	\$ -	\$211,396,600

The following table summarizes investments measured at fair value based on NAV per share as of June 30, 2014 and 2013:

<u>June 30, 2014</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Roman Catholic Archbishop of Boston Common Investment Partnership (a)	\$221,481,214	N/A	Monthly	15 days

<u>June 30, 2013</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Roman Catholic Archbishop of Boston Common Investment Partnership (a)	\$211,396,600	N/A	Quarterly	30 days

(a) *Roman Catholic Archbishop of Boston Common Investment Partnership*: The investment objective of the Partnership is to maximize long-term total return, primarily by investing in equity securities, investment grade debt and fixed income securities, owned either directly or indirectly through mutual funds and private investment entities.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Notes to Financial Statements (Continued)

June 30, 2014 and 2013

NOTE C - FAIR VALUE MEASUREMENTS (Continued)

Appreciation including gains and losses on investments bought and sold, as well as held during the year from the Partnership consisted of the following at June 30:

	<u>2014</u>	<u>2013</u>
Total unrealized gain	\$25,377,905	\$14,102,645
Total realized gain	<u>3,551,726</u>	<u>7,139,766</u>
Net appreciation	<u>\$28,929,631</u>	<u>\$21,242,411</u>

NOTE D - NOTE RECEIVABLE

At June 30, 2014, the Plan has a demand note receivable from St. Theresa of Avila Parish totaling \$8,042. Interest accrues at a rate of 5.25%. Upon demand for payment on the note, interest accrues at 9.25%. This note is in satisfaction of outstanding receivables owed by St. Theresa of Avila Parish to the Plan. There was no interest accrued and receivable at June 30, 2014.

NOTE E - INCOME TAX STATUS

The Plan received a favorable determination letter from the Internal Revenue Service (IRS) dated June 16, 2005, stating that the Plan, with amendments made through December 31, 2003, meets the requirements of Section 401(a) of the Internal Revenue Code and is, therefore, exempt from Federal income taxes under IRS Section 501(a). The Plan has since been amended and the restated Plan document was submitted to the IRS in January, 2011, and a favorable determination letter was received from the IRS dated May 14, 2012. The Plan received a private letter ruling from the IRS in 1997 that it was a church plan under Section 414(e) of the Internal Revenue Code.

NOTE F - PLAN TERMINATION

Although they have not expressed any intention to do so, the Trustees may completely or partially amend or terminate the Plan at any time. Upon termination, the Plan allows available Plan assets to be allocated in accordance with any reasonable method selected by the Trustees, including the reversion of any excess monies remaining after satisfaction of all liabilities to each participating employer on the date of termination in a manner determined by the Trustees.

NOTE G - RELATED PARTY TRANSACTIONS

A service fee for administrative, technology, and clerical services is charged to the Plan by the Roman Catholic Archbishop of Boston, A Corporation Sole. The fees charged for the years ended June 30, 2014 and 2013, were \$369,524 and \$379,486, respectively, and are included in general and administrative expenses on the accompanying statements of changes in net assets available for benefits.

NOTE H - RISKS AND UNCERTAINTIES

The Plan invests 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 these changes could materially affect the amounts reported in the statements of net assets available for benefits.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Notes to Financial Statements (Continued)

June 30, 2014 and 2013

NOTE H - RISKS AND UNCERTAINTIES (Continued)

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, 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 be material to the financial statements.

NOTE I - ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

The actuarially determined value of the accumulated plan benefits as of July 1, 2014 and 2013, is as follows:

	<u>July 1, 2014</u>	<u>July 1, 2013</u>
Actuarial present value of accumulated plan benefits:		
Vested benefits:		
Participants currently receiving payments	\$156,834,699	\$158,365,385
Other participants	89,575,002	94,588,566
Non-vested benefits	<u>593,983</u>	<u>3,241,246</u>
Present value of accumulated plan benefits	247,003,684	256,195,197
Net assets available for benefits	<u>224,816,420</u>	<u>213,669,880</u>
Actuarial present value of accumulated plan benefits in excess of net assets available for benefits	<u>\$ (22,187,264)</u>	<u>\$ (42,525,317)</u>

NOTE J - OTHER MATTERS**Employer Withdrawals (Annuity Purchase)**

Periodically, an employer will request that the Plan purchase annuity contracts for its participants using Plan assets allocated to that employer and that the employer then be permitted to withdraw from the Plan following such purchase. Annuities purchased are for the purpose of fully and finally transferring to an insurer all liabilities associated with the requesting employer's Plan benefits accrued by its current and former employees. The Trustees retain an outside consultant to advise them on the qualifications of a panel of insurers, using US Department of Labor Interpretive Bulletin 95-1 as a guide despite the Plan's status as a church plan (within the meaning of Section 33(3) of ERISA).

During the Plan year ended June 30, 2014, the Trustees purchased annuity contracts for two tranches of employers. These employers were then permitted to withdraw from the Plan following such purchases, contingent on execution of a written withdrawal agreement. Plan assets valued at \$5,383,020 were used to purchase annuities; of this amount, \$2,636,220 was payable to the insurer selected by the Trustees for the purchase of annuity contracts and was transferred to the insurer on July 2, 2014. The insurers are in the process of issuing annuity contracts to eligible current and former employees of the employers.

During the Plan year ended June 30, 2013, Plan assets valued at \$179,416 were used to purchase annuities for a frozen employer, which subsequently withdrew from the Plan pursuant to a written agreement. The insurer subsequently issued annuity contracts to eligible current and former employees of the frozen employer.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Notes to Financial Statements (Continued)

June 30, 2014 and 2013

NOTE J - OTHER MATTERS (Continued)

Transfer from Caritas Christi Retirement Plan and Trust

In April 2014, an existing participating employer withdrew from the Caritas Christi Retirement Plan and Trust (the "CCRP") prior to the transfer of the CCRP to Steward Health Care. The employer immediately then became a participating employer in the Plan per a written agreement with the approval of Trustees from both the CCRP and the Plan. There were no interruptions in the payment of benefits or administration during the transfer. The amount transferred was \$986,749 and is included in the participating employers' contributions on the statement of changes in net assets available for benefits for the year ended June 30, 2014.

Lump-Sum Payments

Beginning in December, 2010, the Plan's Trustees initiated the option to allow eligible participants to voluntarily elect to receive lump-sum payments. The Plan has made payments to eligible participants according to rules outlined in the Plan document since that date. The total amount of lump-sum payments made in fiscal years 2014 and 2013 was \$9.2 million and \$5.5 million, respectively. This amount is included in the benefits paid to participants.