

**ROMAN CATHOLIC ARCHDIOCESE OF BOSTON
PENSION PLAN**

**FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

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June 30, 2016 and 2015

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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, 2016 and 2015, 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.

Emphasis of Matter

As described in Note B, in May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820), Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. This ASU makes substantial changes to existing FASB literature. As early application of this ASU is allowed, the Plan has used the retrospective approach for all periods presented; accordingly, the 2015 financial statements as presented herein, is different from that to the previously issued financial statements.

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, 2016 and 2015, and the changes in its financial status for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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

Westborough, Massachusetts
December 14, 2016

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Statements of Net Assets Available for Benefits June 30, 2016 and 2015

Assets	2016	2015
Investments, at fair value:		
Roman Catholic Archbishop of Boston Collective Investment Partnership	\$ 188,258,613	\$ 211,337,970
Cash and Cash Equivalents	2,239,022	3,293,296
Prepaid Expenses	1,387,504	1,381,902
Participating Employers' Receivables, less allowance for uncollectible accounts of \$762 and \$1,337 at June 30, 2016 and 2015, respectively	111,897	52,983
Note Receivable	5,674	-
Total assets	192,002,710	216,066,151
Liabilities		
Accounts Payable and Accrued Expenses	122,418	74,577
Net Assets Available for Benefits	\$ 191,880,292	\$ 215,991,574

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLANStatements of Changes in Net Assets Available for Benefits
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Additions to Net Assets Attributed to:		
Participating employers' contributions	\$ 7,435,919	\$ 7,799,992
Interest and other income	4,570	22,945
Recovery for uncollectible assessments, net	575	7,462
Net appreciation (depreciation) in fair value of investments	<u>(9,179,357)</u>	<u>3,978,756</u>
Total additions	<u>(1,738,293)</u>	<u>11,809,155</u>
Deductions to Net Assets Attributed to:		
Benefits paid to participants	21,433,648	19,441,286
General and administrative expenses	939,341	923,157
Employer withdrawals (annuity purchases)	<u>-</u>	<u>269,558</u>
Total deductions	<u>22,372,989</u>	<u>20,634,001</u>
Net decrease in net assets available for benefits	(24,111,282)	(8,824,846)
Net Assets Available for Benefits:		
Beginning of year	<u>215,991,574</u>	<u>224,816,420</u>
End of year	<u>\$ 191,880,292</u>	<u>\$ 215,991,574</u>

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Statements of Accumulated Plan Benefits
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Actuarial Present Value of Accumulated Plan Benefits:		
Vested benefits:		
Participants currently receiving benefits	\$ 156,408,191	\$ 155,421,828
Other participants	<u>80,957,010</u>	<u>85,967,652</u>
Total vested benefits	237,365,201	241,389,480
Non-vested benefits	<u>-</u>	<u>251,238</u>
Total Actuarial Present Value of Accumulated Plan Benefits	<u><u>\$ 237,365,201</u></u>	<u><u>\$ 241,640,718</u></u>

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Statements of Changes in Accumulated Plan Benefits
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Actuarial Present Value of Accumulated Plan Benefits, at Beginning of Year	\$ 241,640,718	\$ 247,003,684
Increase (Decrease) During the Year Attributable to:		
Benefits accumulated (including noninvestment experience)	(1,727,995)	(1,067,321)
Interest (decrease in the discount period)	15,010,054	15,423,394
Benefits paid	(21,433,648)	(19,441,286)
Change in actuarial assumptions	4,545,896	379,971
Change in plan provisions	(669,824)	(443,753)
Annuity purchases	-	(213,971)
	<u>(4,275,517)</u>	<u>(5,362,966)</u>
Actuarial Present Value of Accumulated Plan Benefits, at End of Year	<u>\$ 237,365,201</u>	<u>\$ 241,640,718</u>

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Notes to Financial Statements
June 30, 2016 and 2015

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, 2016.

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 begins 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 attaining 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
June 30, 2016 and 2015

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 years of age 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.

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 (see Note J).

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 - SUMMARY OF 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 generally accepted accounting standards and principles (U.S. GAAP) in these notes are to the FASB Accounting Standards Codification.

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
June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Principle Adopted

In 2015, the Plan adopted FASB Accounting Standards Update (ASU) 2015-07, *Fair Value Measurement (Topic 820), Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, removing the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value (NAV) per share practical expedient. As early application is allowed, the Plan has used the retrospective approach for all periods presented whereby investments for which fair value is measured using the NAV per share practical expedient have been removed from the fair value hierarchy. The material impact of adopting this ASU was to footnote disclosure only.

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 (depreciation) in fair value of investments. The Plan's financial statements are presented on the accrual basis.

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 Bank and Trust Company from the principal 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 NAV 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 (depreciation) 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.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Notes to Financial Statements
June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 fiscal years 2016 and 2015, the employers made contributions of \$7,435,919 and \$7,799,992, 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.

Payment of Benefits

Benefit 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 in 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. Benefits to be provided via annuity contracts excluded from plan assets are excluded from accumulated plan benefits.

The actuarial present value of accumulated plan benefits is determined by Buck Consultants, LLC for fiscal years 2016 and 2015, 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
June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Actuarial Present Value of Accumulated Plan Benefits (Continued)

The significant actuarial assumptions used in the valuations as of July 1, 2016 and 2015, are as follows:

	2016		2015	
Investment return	6.50%		6.50%	
Salary increases	0.00%		0.00%	
Cost of living increases	N/A		N/A	
Future expenses	2.00%		4.00%	
Mortality	RP2014 Mortality Table with MP2015		2015 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 2015 IRS Static Mortality Table (sex distinct, based on RP-2000) to the RP2014 Mortality Table with mortality improvement scale MP2015, effective July 1, 2016. The effect of this change was to increase the actuarial value of accumulated plan benefits by \$9,200,115 as of July 1, 2016. The assumed provision for expenses was changed from 4.00% of the actuarial value of accumulated plan benefits as of July 1, 2015, to 2.00% of the actuarial value of accumulated plan benefits as of July 1, 2016, which decreased the liability by \$4,654,220.

The mortality assumption was changed from the 2014 IRS Static Mortality Table (sex distinct, based on RP-2000) to the 2015 IRS Static Mortality Table (sex distinct, based on RP-2000), effective July 1, 2015. The effect of this change was to increase the actuarial value of accumulated plan benefits by \$379,971 as of July 1, 2015.

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 14, 2016, 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.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Notes to Financial Statements
June 30, 2016 and 2015

NOTE C - 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 and Disclosures*, 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;
- 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.

There have been no changes in the methodologies used at June 30, 2016 and 2015.

Following is a description of the valuation methodology used for the asset 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 NAV per share at June 30, 2016. These assets are valued using NAV per share as a practical expedient to estimate fair value. 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.

In accordance with Subtopic 820-10 (see Note B), certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Notes to Financial Statements
June 30, 2016 and 2015

NOTE C - FAIR VALUE MEASUREMENTS (Continued)

The following table summarizes an investment measured at fair value based on NAV per share as of June 30, 2016 and 2015:

<u>2016</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 Collective Investment Partnership (a)	\$ 188,258,613	N/A	Monthly	15 days
<u>2015</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 Collective Investment Partnership (a)	\$ 211,337,970	N/A	Monthly	15 days

(a) *Roman Catholic Archbishop of Boston Collective 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.

Appreciation (depreciation), 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>2016</u>	<u>2015</u>
Total unrealized loss	\$ (17,633,071)	\$ (4,737,057)
Total realized gain	<u>8,453,714</u>	<u>8,715,813</u>
Net appreciation (depreciation)	<u>\$ (9,179,357)</u>	<u>\$ 3,978,756</u>

NOTE D - NOTE RECEIVABLE

At June 30, 2016, the Plan had a promissory note receivable from the Cathedral of the Holy Cross totaling \$5,674. Interest accrues at a rate of 3.75% on any amounts not paid timely. This note was in satisfaction of outstanding receivables owed by Cathedral of the Holy Cross to the Plan.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Notes to Financial Statements
June 30, 2016 and 2015

NOTE E - INCOME TAX STATUS

The Plan received a favorable determination letter from the Internal Revenue Service (IRS) dated July 8, 2016, stating that the Plan, with amendments made through January 21, 2016, meets the requirements of Section 401(a) of the Internal Revenue Code (IRC) and is, therefore, exempt from Federal income taxes under IRS Section 501(a). The plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC, and therefore, believes that the Plan is qualified as tax exempt. The Plan received a private letter ruling from the IRS in 1997 that it was a church plan under Section 414(e) of the IRC.

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, 2016 and 2015, were \$524,899 and \$491,128, respectively, and are included in general and administrative expenses in 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.

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.

ROMAN CATHOLIC ARCHDIOCESE OF BOSTON PENSION PLAN

Notes to Financial Statements
June 30, 2016 and 2015

NOTE I - ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

The actuarially determined value of the accumulated plan benefits as of July 1, 2016 and 2015, is as follows:

	<u>2016</u>	<u>2015</u>
Actuarial present value of accumulated plan benefits:		
Vested benefits:		
Participants currently receiving payments	\$ 156,408,191	\$ 155,421,828
Other participants	80,957,010	85,967,652
Non-vested benefits	<u>-</u>	<u>251,238</u>
Present value of accumulated plan benefits	237,365,201	241,640,718
Net assets available for benefits	<u>191,880,292</u>	<u>215,991,574</u>
Actuarial present value of accumulated plan benefits in excess of net assets available for benefits	<u>\$ (45,484,909)</u>	<u>\$ (25,649,144)</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 employers' 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, 2015, Plan assets valued at \$269,558 were used to purchase annuities for a single employer.

Lump-Sum Payments

Eligible participants may voluntarily elect to receive lump-sum payments. The total amount of lump-sum payments made in fiscal years 2016 and 2015 was \$4.3 million and \$2.2 million, respectively. This amount is included in the benefits paid to participants.