

**Audited
Financial Statements**

**Archdiocese of Boston
Clergy Benefit Trust**

June 30, 2006

Archdiocese of Boston Clergy Benefit Trust

Audited Financial Statements and Other Financial Information

June 30, 2006

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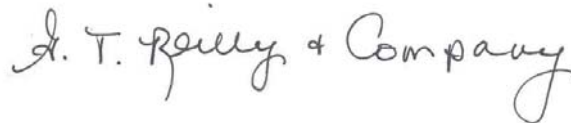
INDEPENDENT AUDITORS' REPORT

To the Trustee
Archdiocese of Boston Clergy Benefit Trust

We have audited the accompanying statements of net assets available for benefits and of benefit obligations of the Archdiocese of Boston Clergy Benefit Trust as of June 30, 2006 and 2005, and the related statements of changes in net assets available for benefits and of changes in benefit obligations for the years then ended. These financial statements are the responsibility of the Trust's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Archdiocese of Boston Clergy Benefit Trust as of June 30, 2006 and 2005, and the changes in its financial status for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



G. T. Reilly & Company

Milton, Massachusetts
October 5, 2006

Archdiocese of Boston Clergy Benefit Trust

Statements of Net Assets Available for Benefits

June 30

	<u>2006</u>	<u>2005</u>
<u>Assets</u>		
Investments, at fair value (Note 3)		
Roman Catholic Archbishop of Boston:		
Common Investment Fund	\$ 3,357,009	\$ 3,829,983
Fixed Income Investment Fund	<u>1,943,717</u>	<u>2,044,287</u>
	5,300,726	5,874,270
Cash and cash equivalents	3,646,654	839,109
Accrued interest and dividends receivable	<u>55,993</u>	<u>57,068</u>
TOTAL ASSETS	<u>9,003,373</u>	<u>6,770,447</u>
<u>Liabilities</u>		
Accounts payable	<u>455</u>	<u>847</u>
<u>Net Assets Available for Benefits</u>		
Unrestricted	8,839,847	6,606,529
Temporarily restricted (Note 6)	<u>163,071</u>	<u>163,071</u>
TOTAL NET ASSETS	<u>\$ 9,002,918</u>	<u>\$ 6,769,600</u>

Archdiocese of Boston Clergy Benefit Trust

Statements of Changes in Net Assets Available for Benefits

Year Ended June 30

	<u>2006</u>	<u>2005</u>
ADDITIONS		
Investment Income:		
Gain on sale of property (Note 4)	\$ 0	\$ 200,000
Net (depreciation) appreciation in fair value of investments (Note 3)	(73,543)	165,670
Dividends	165,571	257,170
Interest	<u>97,605</u>	<u>23,014</u>
	<u>189,633</u>	<u>645,854</u>
Collections from parishes	5,471,121	0
Gifts and bequests	<u>55,999</u>	<u>37,558</u>
	<u>5,716,753</u>	<u>683,412</u>
TOTAL ADDITIONS		
DEDUCTIONS		
Benefits:		
Support to Archdiocese of Boston Clergy Medical/Hospitalization Plan (Note 5)	100,000	500,000
Supplementary benefits	1,805,381	1,916,049
Medex benefits	422,826	491,660
Sick leave benefits	127,268	193,512
Priest recovery	34,993	40,090
Funeral benefits	19,630	17,170
Other benefits	745,595	876,853
Office for Senior Priests	<u>90,612</u>	<u>96,315</u>
	<u>3,346,305</u>	<u>4,131,649</u>
Administration:		
Service fees (Note 5)	118,169	93,492
Other administrative expenses	<u>18,961</u>	<u>32,490</u>
	<u>137,130</u>	<u>125,982</u>
TOTAL DEDUCTIONS	<u>3,483,435</u>	<u>4,257,631</u>
NET INCREASE (DECREASE)	2,233,318	(3,574,219)
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	<u>6,769,600</u>	<u>10,343,819</u>
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	<u>\$ 9,002,918</u>	<u>\$ 6,769,600</u>

Archdiocese of Boston Clergy Benefit Trust

Statements of Benefit Obligations

Year Ended June 30

	<u>2006</u>	<u>2005</u>
CURRENTLY PAYABLE BENEFIT OBLIGATIONS		
Claims payable	\$ <u>12,118</u>	\$ <u>5,703</u>

Archdiocese of Boston Clergy Benefit Trust

Statements of Changes in Benefit Obligations

Year Ended June 30

	<u>2006</u>	<u>2005</u>
CURRENTLY PAYABLE BENEFIT OBLIGATIONS		
Balance at beginning of year	\$ 5,703	\$ 8,000
Increase (decrease) during the year attributable to:		
Claims reported and approved	3,352,720	4,117,946
Claims paid	<u>(3,346,305)</u>	<u>(4,131,649)</u>
Balance at end of year	<u>\$ 12,118</u>	<u>\$ 5,703</u>

Archdiocese of Boston Clergy Benefit Trust

Notes to Financial Statements

June 30, 2006

Note 1 – Purpose of the Trust

The Archdiocese of Boston Clergy Benefit Trust ("the Trust") was established for the purpose of generating and providing support for the benefit of priests incardinated in the Roman Catholic Archdiocese of Boston, as directed by the Roman Catholic Archbishop of Boston. The primary benefits provided by the Trust relate to funding of the Archdiocese of Boston Clergy Medical/Hospitalization Plan, the Archdiocese of Boston Clergy Retirement/Disability Plan and the Archdiocese of Boston Benefit Trust for Non-Incardinated Priests Duly Assigned for Service in the Archdiocese of Boston on an as-needed basis (see Note 5). Additional benefits include support for the well-being of priests incardinated in the Roman Catholic Archdiocese of Boston at the discretion of the Trustee. The Trust is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting.

Accounting Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures of assets and liabilities and changes therein. Actual results could differ from those estimates.

Cash and Cash Equivalents – The Trust deposits its cash in major financial institutions, which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$ 100,000. At times, such cash is in excess of FDIC insured limits. At June 30, 2006, the excess approximated \$ 225,000 based on bank balances. The Trust has not experienced any losses as a result of the use of uninsured amounts.

Cash equivalents consist of investments in uninsured money market mutual funds approximating \$3,384,000 at June 30, 2006.

Valuation of Investments - Investments are stated at fair value, based upon the latest quoted market prices as of the financial statement date. Realized and unrealized gains and losses on investments are reflected in the statement of changes in net assets.

Note 3 - Investments

Investments consist of the following at June 30:

	2006		2005	
	Cost	Fair Value	Cost	Fair Value
Roman Catholic Archbishop of Boston:				
Common Investment Fund	\$3,003,117	\$3,357,009	\$2,841,172	\$3,829,983
Fixed Income Investment Fund	1,798,056	1,943,717	1,798,056	2,044,287
	<u>\$4,801,173</u>	<u>\$5,300,726</u>	<u>\$4,639,228</u>	<u>\$5,874,270</u>

Archdiocese of Boston Clergy Benefit Trust

Notes to Financial Statements (Cont.)

June 30, 2006

Note 3 – Investments (Cont.)

During the year ended June 30, the Trust's investments (including investments bought, sold and held during the year) appreciated (depreciated) in value as follows:

	<u>2006</u>	<u>2005</u>
Roman Catholic Archdiocese of Boston:		
Common Investment Fund	\$ 27,027	\$ 143,337
Fixed Income Investment Fund	<u>(100,570)</u>	<u>22,333</u>
Change in fair value	<u>\$ (73,543)</u>	<u>\$ 165,670</u>

The Common Investment Fund and Fixed Income Investment Fund are separate entities established to provide a common investment pool in which Catholic organizations may participate. Dividend income from these investments totaled \$165,571 and \$257,170 during the years ended June 30, 2006 and 2005, respectively.

Note 4 – Gain on Sale of Property

In 2003, the Trust sold property it owned for approximately \$3.2 million, resulting in a gain of approximately \$1.3 million. The property consisted of land (13.8 acres) and a building known as Our Lady's Hall, which was used in the operations of the priest recovery program.

The purchase and sale agreement included a covenant granting additional consideration to the Trust should the real estate be subdivided in excess of eight buildable lots. Consideration was set at \$200,000 per additional lot, not to exceed \$400,000 in total. In November 2004 the Trust received \$200,000 of additional consideration under the above covenant. No additional funds are anticipated by management.

Note 5 - Related Party Transactions

The Trust supports the medical and hospitalization needs of priests incardinated in the Roman Catholic Archdiocese of Boston. Transfers are made as needed to a related trust, Archdiocese of Boston Clergy Medical/Hospitalization Plan, to fund these medical claims. Such support totaled \$100,000 in 2006 (\$500,000 in 2005).

A service fee for administrative, technology and clerical services is charged to the Trust by the Roman Catholic Archbishop of Boston, A Corporation Sole. The fees charged for the years ended June 30, 2006 and 2005 were approximately \$110,200 and \$85,500, respectively.

Note 6 - Restricted Net Assets

Temporarily restricted net assets at June 30, 2006 and 2005 represent funds contributed for specified needs of priests incardinated in the Roman Catholic Archdiocese of Boston.

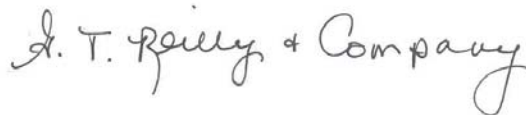
G.T. Reilly & Company
Internationally,
Moore Stephens Reilly, P.C.
Reilly Consulting Group, Inc.
ReillyTech
Reilly Benefits
Reilly Small Business Group

INDEPENDENT AUDITORS' REPORT

To the Trustee
Archdiocese of Boston Clergy Benefit Trust

The audited financial statements of the Trust, and our report thereon, are presented in the preceding section of this report.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of other benefits and administrative expenses for the years ended June 30, 2006 and 2005, are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



G. T. Reilly & Company

Milton, Massachusetts
October 5, 2006

Archdiocese of Boston Clergy Benefit Trust

Schedules of Other Benefits and Administrative Expenses

Year Ended June 30

	<u>2006</u>	<u>2005</u>
OTHER BENEFITS		
Non-plan payments	\$ 11,961	\$ 25,612
Retreats	13,557	15,853
Clergy, automobile insurance reimbursement	10,785	11,039
Stipends, clergy not assigned	19,875	23,641
Room and board	235,500	323,500
Health insurance	<u>453,917</u>	<u>477,208</u>
 TOTAL OTHER BENEFITS	 <u>\$ 745,595</u>	 <u>\$ 876,853</u>
 OTHER ADMINISTRATIVE EXPENSES		
Clergy transportation	\$ 7,312	\$ 16,944
Contract services	4,904	13,343
Printing	2,096	1,152
Office supplies	0	651
Conferences and meetings	455	111
Bank service charges	36	0
Education Assistance	<u>4,158</u>	<u>289</u>
 TOTAL OTHER ADMINISTRATIVE EXPENSES	 <u>\$ 18,961</u>	 <u>\$ 32,490</u>