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

FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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

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Independent Auditors' Report

To the Retirement Plan Committee
Roman Catholic Archdiocese of Boston 401(k) Retirement Savings Plan
Braintree, Massachusetts

We have audited the accompanying financial statements of the Roman Catholic Archdiocese of Boston 401(k) Retirement Savings Plan, which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statement of changes in net assets available for benefits for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Plan's 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.

Auditors' 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Roman Catholic Archdiocese of Boston 401(k) Retirement Savings Plan as of December 31, 2018 and 2017, and changes in its net assets available for benefits for the year ended December 31, 2018 in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audits were 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, 2018 and 2017, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Plan's 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Blum, Shapiro & Company, P.C.

Quincy, Massachusetts
June 5, 2019

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

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Investments, at Fair Value		
Money market and mutual funds	$ 98,457,186	$ 93,123,695
Receivables		
Employee contributions	426,989	419,350
Employer contributions	180,675	183,137
Notes receivable from participants	768,180	542,609
Total receivables	1,375,844	1,145,096
Total assets	99,833,030	94,268,791
LIABILITIES		
Accounts Payable and Accrued Expenses	-	-
Net Assets Available for Benefits	$ 99,833,030	$ 94,268,791

The accompanying notes are an integral part of the financial statements

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, 2018

Additions (Reductions) to Net Assets Attributed to	
Investment income:	
Net depreciation in fair value of investments	$ (11,848,686)
Interest and dividend income	5,222,627
Net investment loss	(6,626,059)
Interest income on notes receivable from participants	32,659
Contributions:	
Employee - pre-tax deferrals	9,719,542
Employee - Roth deferrals	1,392,447
Employee - rollovers	2,225,577
Employer	4,719,216
Total contributions	18,056,782
Total additions	11,463,382
Deductions from Net Assets Attributed to	
Benefits paid to participants	5,897,301
Administrative expenses	1,842
Total deductions	5,899,143
Net Increase in Net Assets	5,564,239
Net Assets Available for Benefits - Beginning of Year	94,268,791
Net Assets Available for Benefits - End of Year	$ 99,833,030

The accompanying notes are an integral part of the financial statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF PLAN

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

Effective Date

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).

General

The Plan is a defined contribution plan established to provide retirement benefits for employees of parishes, schools, cemeteries or other locations that are part of the Roman Catholic Archdiocese of Boston (the Sponsor) or any separately incorporated Catholic entity listed in the Catholic Directory that has signed a participation agreement with the Sponsor. Lay employees and incardinated priests of the aforementioned entities are eligible to participate in the Plan, except for any individual who is a member of a religious order or who is an intern, fellow, student teacher, seminarian, substitute teacher or a student on a temporary work assignment as part of a cooperative education program.

Contributions

Participants may contribute up to 100% of compensation, as defined in the Plan, up to the maximum allowed by the Internal Revenue Code (the Code). Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified retirement plans (rollovers). The Plan includes an auto-enrollment provision whereby all newly eligible employees hired subsequent to September 1, 2015 are automatically enrolled in the Plan unless they affirmatively elect otherwise. Automatically enrolled participants have their deferral rate set at 3% of 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.

Participating organizations make matching contributions equal to 100% of the first 3% of eligible compensation deferred, plus 50% of the next 2% of eligible compensation deferred for eligible lay employees and priests. The maximum employer contribution for the years ended December 31, 2018 and 2017 was 4% of eligible compensation. Eligibility for employer contributions requires that lay employees must complete one year of service (defined as one continuous 12-month period during which the employee worked 1,000 hours).

All contributions are subject to certain limitations imposed by the Plan and the Code.

Participant Accounts

Each participant's account is maintained separately within the Plan and is credited with his or her elective deferrals, employer contributions and earnings. Participants may elect to have contributions invested in any or all of the funds of the Plan, subject to certain limitations. Investment income and related management expenses are allocated to the participants' accounts regularly. Allocations of employer contributions, investment income and administrative expenses are based on a participant's compensation 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 accounts.

Investment Option

Participants may direct their contributions to a variety of money market and mutual funds held at TIAA. These funds include a variety of investment options with various objectives and degrees of financial risk.

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.

Notes Receivable from Participants

At the discretion of the Plan, participants may 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 rate that professional lenders would charge, as determined by the plan administrator. The notes currently bear interest at rates ranging from 4.25% to 6.25%. Participants may only have one loan outstanding at any given time. Generally, principal and interest are paid ratably through payroll deductions.

Payment of Benefits

Upon retirement, disability, death or termination of employment, the participant shall become entitled to the total value of his or her vested account, determined as of the valuation date. The Plan also provides for in-service withdrawals by qualified participants. 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.

Upon financial hardship, a participant is entitled to the value of his or her contribution deferral accounts, but not the earnings thereon, determined as of the valuation date, which is payable immediately in a lump-sum distribution.

Forfeitures

Forfeitures of employer contributions are used to defray reasonable administrative expenses or to reduce the Sponsor's future employer contributions.

At December 31, 2018 and 2017, forfeited nonvested accounts totaled $12,390 and $29,482, respectively. The Plan utilized forfeitures of $19,822 during the year ended December 31, 2018 to primarily pay administrative expenses to the Plan's recordkeeper. There were no new forfeited employer contributions during the year ended December 31, 2018.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Plan uses the accrual basis of accounting for transactions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value 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. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's 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 balances plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded on the accrual basis. 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.

Payment of Benefits

Benefits to participants are recorded when paid.

Plan Expenses

The 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. The Plan may charge certain costs for recordkeeping and participant loan administration.

Risks and Uncertainties

The Plan provides for various investment options in money market and mutual funds. These investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the values of investments will occur in the near term and those changes could materially affect participant account balances and the amounts reported on the statements of net assets available for benefits.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through June 5, 2019, which represents the date the financial statements were available to be issued.

NOTE 3 - FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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's 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Assets valued using the net asset value practical expedient are not required to be reported within the hierarchy.

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

Money Market and Mutual Funds
Money market and mutual funds are valued at the quoted price of shares held by the Plan at year end.

There have been no changes in the methodologies used at December 31, 2018 and 2017.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2018 and 2017:

	2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market funds	$ 2,430,638	$ -	$ -	$ 2,430,638
Mutual funds	95,108,794	917,754	-	96,026,548
Total Assets at Fair Value	$ 97,539,432	$ 917,754	$ -	$ 98,457,186

	2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market funds	$ 1,813,957	$ -	$ -	$ 1,813,957
Mutual funds	90,389,003	920,735	-	91,309,738
Total Assets at Fair Value	$ 92,202,960	$ 920,735	$ -	$ 93,123,695

There were no transfers between levels of investments during the years ended December 31, 2018 and 2017.

NOTE 4 - PARTY-IN-INTEREST TRANSACTIONS

Certain plan investments are shares of mutual funds managed by affiliates of TIAA. TIAA is a trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Administrative expenses are paid by the Sponsor out of an account maintained for such fees. Notes receivable from participants are also party-in-interest transactions.

NOTE 5 - INCOME TAX STATUS

The Plan document is intended to be qualified under Section 401(a) of the Internal Revenue Code, and meets the requirements of Code Section 401(k) as a qualified cash or deferred arrangement. It is also intended that the Plan be exempt from taxation as provided under Code Section 501(a). The Plan received a favorable determination letter on June 20, 2016.

The plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code. Therefore, the plan administrator believes the Plan was qualified and the related trust was tax exempt as of the financial statement date.

NOTE 6 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Sponsor has the right under the Plan to discontinue its contributions at any time and to terminate the Plan. In the event of plan termination or discontinuance of matching contributions, participants will become fully vested in their accounts.

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

SCHEDULE OF ASSETS HELD AT END OF YEAR
DECEMBER 31, 2018 AND 2017

Identity of Issuer, Borrower, Lessor or Similar Party	Description of Investment	2018 Current Value	2017 Current Value
Vanguard Treasury Money Market Inv	Money market fund	$ 2,430,638	$ 1,813,957
American Century Mid Cap Val A	Mutual fund	822,068	889,107
Ave Maria Rising Dividend Fund	Mutual fund	595,450	588,426
BlackRock Global Allocation A	Mutual fund	665,706	698,370
BlackRock Inflat Prot Bnd Inst	Mutual fund	1,242,508	757,176
CREF Equity Index R1	Mutual fund	917,754	920,735
DFA Emerging Markets I	Mutual fund	790,230	572,883
Franklin Growth Fund Advisor	Mutual fund	1,100,474	931,197
Invesco International Growth A	Mutual fund	440,198	472,560
JPMorgan Smart Ret 2020 Select	Mutual fund	17,006,485	16,437,826
JPMorgan Smart Ret 2025 Select	Mutual fund	16,650,256	15,051,858
JPMorgan Smart Ret 2030 Select	Mutual fund	8,282,915	7,749,955
JPMorgan Smart Ret 2035 Select	Mutual fund	5,075,742	4,669,149
JPMorgan Smart Ret 2040 Select	Mutual fund	3,861,565	3,427,272
JPMorgan Smart Ret 2045 Select	Mutual fund	2,844,559	2,668,062
JPMorgan Smart Ret 2050 Select	Mutual fund	5,280,340	4,662,739
JPMorgan Smart Ret 2055 Select	Mutual fund	39,154	-
JPMorgan Smart Ret 2060 Select	Mutual fund	35,098	-
JPMorgan Smart Ret Inc Select	Mutual fund	19,540,938	20,924,423
Metropolitan West TotRet Bnd I	Mutual fund	1,741,476	1,513,879
MFS International Value R3	Mutual fund	1,085,426	838,926
MFS Value R3	Mutual fund	458,957	469,014
Prudential Jennison MC Grw A	Mutual fund	394,590	373,495
T Rowe Price High Yield	Mutual fund	904,148	874,820
Templeton Global Bond AdvClass	Mutual fund	420,338	421,418
TIAA-CREF Sm-Cap Bl Idx-Rtmt	Mutual fund	518,972	552,238
Vanguard 500 Idx Adm	Mutual fund	5,311,201	4,844,210
		98,457,186	93,123,695
Notes receivable from participants	Interest rates ranging from 4.25% to 6.25% maturing through 2023	768,180	542,609
		$ 99,225,366	$ 93,666,304