St. John's Seminary

Financial Report
June 30, 2018

Contents

Independent auditor's report	1
Financial statements	
Statements of financial position	2
Statements of activities	3-4
Statements of cash flows	5
Notes to financial statements	6-24

Independent Auditor's Report

To the Trustees
St. John's Seminary

Report on the Financial Statements
We have audited the accompanying financial statements of St. John's Seminary which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows 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 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 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.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. John's Seminary as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Boston, Massachusetts
December 21, 2018

St. John's Seminary

Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	**$ 1,611,962**	$ 636,451
Tuition receivable, net of allowances	**55,439**	134,034
Pledges receivable, net of allowances	**7,333**	7,239
Interest and dividends receivable	**403,296**	419,007
Prepaid expenses and other assets	**58,243**	95,315
Land and building held for sale	**4,802,519**	4,957,519
Note receivable, related organization	**36,389,650**	36,408,400
Cash restricted to long-term investment	**94,298**	157,863
Investments, at fair value	**40,010,576**	41,300,345
Interest in the net assets of related foundation	**3,464,984**	2,212,376
Beneficial interest in trusts	**557,077**	532,460
Land, buildings and equipment, net	**26,057,187**	26,630,324
Total assets	**$ 113,512,564**	$ 113,491,333
Liabilities and Net Assets		
Liabilities:		
Notes payable and accrued interest	**$ 10,082,002**	$ 9,297,694
Accounts payable and accrued expenses	**1,836,334**	1,225,393
Due to related organization	**670,382**	458,021
Deferred revenue	**78,874**	101,860
	12,667,592	11,082,968
Net assets:		
Unrestricted, including board designated	**74,198,104**	77,990,633
Temporarily restricted	**11,593,212**	10,637,092
Permanently restricted	**15,053,656**	13,780,640
	100,844,972	102,408,365
Total liabilities and net assets	**$ 113,512,564**	$ 113,491,333

See notes to financial statements.

St. John's Seminary

Statement of Activities
Year Ended June 30, 2018
(With Summarized Comparative Totals for the Year Ended June 30, 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2018	Total 2017
Revenues, gains and support:					
Tuition, fees, room and board	$ 4,106,521	$ -	$ -	$ 4,106,521	$ 4,265,864
Less financial aid	(1,894,504)	-	-	(1,894,504)	(1,753,913)
Net tuition, fees, room and board	2,212,017	-	-	2,212,017	2,511,951
Parish collections - Pentecost	255,331	-	-	255,331	362,022
Contributions, grants and bequests	231,532	124,315	-	355,847	424,314
Matching gifts	39,701	1,000	-	40,701	38,071
Other revenues	151,716	-	-	151,716	156,302
Change in interest in net assets of related foundation	(4,725)	218,010	1,129,781	1,343,066	257,819
Investment income	783,037	885,561	1,429	1,670,027	1,634,246
Net assets released through satisfaction of restrictions	998,749	(998,749)	-	-	-
Total revenues, gains and support	4,667,358	230,137	1,131,210	6,028,705	5,384,725
Expenses:					
School of Theology	6,483,483	-	-	6,483,483	5,735,124
School of Masters in Ministry	876,934	-	-	876,934	844,711
Redemptoris Mater	234,443	-	-	234,443	220,898
Management and general	838,185	-	-	838,185	902,168
Fundraising	303,035	-	-	303,035	301,020
Total expenses	8,736,080	-	-	8,736,080	8,003,921
Operating (loss) income	(4,068,722)	230,137	1,131,210	(2,707,375)	(2,619,196)
Nonoperating items:					
Contributions and bequests	-	71,750	117,189	188,939	409,941
Loss on sale of building	(2,553)	-	-	(2,553)	-
Other income / (loss)	(2,520)	-	-	(2,520)	13,550
Net realized and unrealized gains on investments	756,685	794,314	-	1,550,999	3,615,420
Change in value of beneficial interest in trusts	-	-	24,617	24,617	38,777
Releases from restriction for building and equipment	140,081	(140,081)	-	-	-
Re-location settlement with lessee	(615,500)	-	-	(615,500)	-
Nonoperating income	276,193	725,983	141,806	1,143,982	4,077,688
Change in net assets	(3,792,529)	956,120	1,273,016	(1,563,393)	1,458,492
Net assets at beginning of year	77,990,633	10,637,092	13,780,640	102,408,365	100,949,873
Net assets at end of year	$ 74,198,104	$ 11,593,212	$ 15,053,656	$ 100,844,972	$ 102,408,365

See notes to financial statements.

St. John's Seminary

Statement of Activities
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017
Revenues, gains and support:				
Tuition, fees, room and board	$ 4,265,864	$ -	$ -	$ 4,265,864
Less financial aid	(1,753,913)	-	-	(1,753,913)
Net tuition, fees, room and board	2,511,951	-	-	2,511,951
Parish collections - Pentecost	362,022	-	-	362,022
Contributions, grants and bequests	282,907	141,407	-	424,314
Matching gifts	37,071	1,000	-	38,071
Other revenues	156,302	-	-	156,302
Change in interest in net assets of related foundation	-	258,221	(402)	257,819
Investment income	834,555	798,262	1,429	1,634,246
Net assets released through satisfaction of restrictions	938,308	(938,308)	-	-
Total revenues, gains and support	5,123,116	260,582	1,027	5,384,725
Expenses:				
School of Theology	5,735,124	-	-	5,735,124
School of Masters in Ministry	844,711	-	-	844,711
Redemptoris Mater	220,898	-	-	220,898
Management and general	902,168	-	-	902,168
Fundraising	301,020	-	-	301,020
Total expenses	8,003,921	-	-	8,003,921
Operating (loss) income	(2,880,805)	260,582	1,027	(2,619,196)
Nonoperating items:				
Contributions and bequests	-	19,550	390,391	409,941
Other income	13,550	-	-	13,550
Net realized and unrealized gains on investments	1,838,379	1,777,041	-	3,615,420
Change in value of beneficial interest in trusts	-	-	38,777	38,777
Releases from restriction for building and equipment	82,220	(82,220)	-	-
Nonoperating income	1,934,149	1,714,371	429,168	4,077,688
Change in net assets	(946,656)	1,974,953	430,195	1,458,492
Net assets at beginning of year	78,937,289	8,662,139	13,350,445	100,949,873
Net assets at end of year	$ 77,990,633	$ 10,637,092	$ 13,780,640	$ 102,408,365

See notes to financial statements.

St. John's Seminary

Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	**$ (1,563,393)**	$ 1,458,492
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities:		
Net realized and unrealized gains on investments	**(1,550,999)**	(3,615,420)
Loss on sale of building	**2,553**	-
In-kind rent in satisfaction of notes receivable, related organization	**18,750**	-
Change in value of beneficial interest in trusts	**(24,617)**	(38,777)
Depreciation	**779,054**	745,260
Change in interest in net assets of related foundation	**(1,343,066)**	(257,819)
Contributions restricted for long-term investment	**(188,939)**	(409,941)
Contributed building	**-**	(155,000)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Interest and dividends receivable	**15,711**	(8,895)
Prepaid expenses and other assets	**37,072**	(28,976)
Tuition receivable, net of allowances	**78,595**	(42,677)
Pledges receivable	**(94)**	(818)
Increase (decrease) in:		
Due to related organization	**212,361**	51,438
Deferred revenue	**(22,986)**	16,229
Accounts payable and accrued expenses	**957,015**	(646,016)
Accrued interest	**399,003**	178,049
Net cash and cash equivalents used in operating activities	**(2,193,980)**	(2,754,871)
Cash flows from investing activities:		
Purchase of land, buildings and equipment	**(551,991)**	(7,580,234)
Proceeds from sale of land, buildings and equipment	**152,447**	-
Purchase of assets restricted to long term investment	**(30,691)**	(80,929)
Proceeds from sale of assets restricted to long term investment	**94,256**	82,238
Purchase of investments	**(299,343)**	(500,782)
Proceeds from sale/redemptions of investments	**3,140,111**	4,206,748
Transfer of assets from related foundation	**90,458**	82,630
Net cash and cash equivalents provided by (used in) investing activities	**2,595,247**	(3,790,329)
Cash flows from financing activities:		
Proceeds from notes payable	**385,305**	7,530,767
Repayments on notes payable	**-**	(1,172,333)
Proceeds from restricted contributions	**188,939**	409,941
Net cash and cash equivalents provided by financing activities	**574,244**	6,768,375
Net increase in cash and cash equivalents	**975,511**	223,175
Cash and cash equivalents at beginning of year	**636,451**	413,276
Cash and cash equivalents at end of year	**$ 1,611,962**	$ 636,451
Supplemental disclosures of noncash operating and investing activities:		
Contributed buildings	**$ -**	$ 155,000
Property, plant and equipment included in accounts payable	**$ -**	$ 346,074
In-kind rent in satisfaction of notes receivable, related organization	**$ 18,750**	$ -

See notes to financial statements.

Note 1. Principal Activity

St. John’s Seminary (the “Seminary”) was incorporated in Massachusetts as a nonprofit religious organization in 1883. The Seminary is a Roman Catholic Archdiocese of Boston professional and graduate theological school dedicated primarily to the intellectual, cultural and spiritual preparation of seminarians for the priesthood. The Seminary's primary sources of funding are investment income, tuition and donations.

The Archbishop of Boston, by virtue of his office, serves as chairman of the Seminary and numerous other separately incorporated Catholic organizations that operate within the Archdiocese of Boston. While these organizations are considered to be related organizations of the Seminary, their financial activities are not presented as part of the accompanying financial statements, except to the extent of related party transactions.

Note 2. Summary of Significant Accounting Policies

Financial statement presentation: The financial statements of the Seminary have been prepared on the accrual basis of accounting.

The Seminary reports three classes of net assets and the changes in those net assets in the statement of financial position and statement of activities, respectively. The three classes of net assets - unrestricted, temporarily restricted and permanently restricted - are based on the existence or absence of donor-imposed restrictions, either explicit or implicit. The three classifications are defined as follows:

Unrestricted net assets: Assets and contributions that are not restricted by the donor or for which restrictions have expired. Unrestricted net assets include balances which have been designated by the Board of Trustees (the “Board”).

***Temporarily restricted net assets*:** Net assets subject to donor-imposed or legal stipulations that will be satisfied by actions of the Seminary and/or the passage of time. These net assets include contributions donated for a particular purpose; amounts subject to time restrictions, such as funds pledged for future payment; and income and appreciation that carry donor-imposed restrictions or are subject to legal restrictions. Income and appreciation earned on donor restricted endowments that are otherwise unrestricted must be reported as temporarily restricted net assets until appropriated for expenditure by the Board, in accordance with Massachusetts law.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that the Seminary maintain them permanently. Generally, the donors of these assets permit the Seminary to use, all or in part, the income earned on related investments for general or specific purposes.

The Seminary reports gifts of cash and other assets as restricted support if they are donor-restricted as to purpose or time. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released through satisfaction of restrictions.

The Seminary reports gifts of land, buildings and equipment at fair value and as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Seminary reports expirations of donor restrictions in the period the expenditure is made.

Cash and cash equivalents: The Seminary considers investments with original maturities of three months or less at the time of purchase to be cash equivalents.

Note 2. Summary of Significant Accounting Policies (Continued)

Tuition receivable: Tuition receivable is stated at the amount outstanding less an allowance for doubtful accounts. The allowance is established through a charge to bad debt expense in the statement of activities for balances that have been deemed uncollectible. On a periodic basis, management evaluates its receivables and establishes or adjusts its allowances to amounts 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, the Seminary's history of prior loss experience, and on the current economic conditions. Accounts are charged against the allowances when management believes that the collectability of the specific account is unlikely. As of June 30, 2018 and 2017, the allowance for doubtful accounts related to tuition receivables is $6,210 and $5,605, respectively.

Contributions and pledges receivable: Contributions, including unconditional promises to give, are initially recognized at fair value as either restricted or unrestricted support in the period received. Conditional promises to give and indications of intentions to give are not recognized until the conditions they depend on are substantially met. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as contribution revenue. Allowance is made for uncollectible contributions based upon past experience and other relevant factors. As of June 30, 2018 and 2017, the allowance for doubtful accounts related to pledge receivables is $815 and $804, respectively, and all pledges are expected to be collected during fiscal year 2019.

Note receivable related organization: Note receivable is stated at the amount of unpaid principal less an allowance for credit losses. The allowance for credit losses is increased through a provision for credit losses charged to income, and decreased by charge-offs, net of recoveries, when management determines that collectability of amounts due is unlikely. The allowance is based on management's estimate of the amount necessary to absorb losses on existing loans. Management's estimate is based on a review of specific loans, the Seminary's past loan loss experience, known and inherent risks in the entire loan portfolio, overall portfolio quality, estimated fair value of any underlying collateral, and current economic conditions that may affect the borrower's ability to repay.

Loans are separately evaluated for collectability. When management determines that it is probable that principal and interest on those loans will not be collected according to their contractual terms, the impairment of those loans is recognized in the allowance account based on the present value of expected future cash flows discounted at the loans' effective rate. As of June 30, 2018 and 2017, the Seminary has determined that no allowance is necessary.

Revenue recognition: Revenues are reported as increases in unrestricted net assets unless the use of related assets is limited by donor imposed restrictions. Expenses are reported as decreases in net assets.

Tuition revenue is recorded net of financial aid discounts. The Seminary defers recognition of the registration and tuition revenue to the period in which the related educational instruction is performed and related expenses are incurred. Accordingly, registration and tuition fees received for the next academic year are deferred until the first day of the new fiscal year and recorded ratably over the semester.

Beneficial interest in trusts: The Seminary is the beneficiary of a number of charitable trusts (split interest agreements), which are included in beneficial interest in trusts on the statement of financial position. The Seminary initially recognizes a contribution as well as an interest in the underlying investment which is calculated based on the specified amount or percentage of the fair value of the trusts' assets which represent the Seminary's ownership percentage.

Note 2. Summary of Significant Accounting Policies (Continued)

For agreements and trust assets maintained by an outside trustee, the Seminary includes in the beneficial interest in charitable trusts the value of the estimated future benefits to be received when the assets are distributed. Adjustments to reflect the changes in the fair value of the investments, revaluation of the present value of the estimated future payments to the donors and or donors' stated beneficiaries, and changes in actuarial assumptions during the term of the trust are made to the beneficial interest in charitable trusts account and are recognized as change in value of beneficial interest in trusts in their respective net asset classes on the statement of activities.

Investments: The Seminary's investments are carried at fair value. Changes in fair value are reflected in the statements of activities as net realized and unrealized gains (losses) on investments.

Land, buildings and equipment: Land and improvements, buildings and improvements and furniture and equipment are carried at cost or, if donated, at fair value at the time of donation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, which range from five years for furniture and equipment to forty years for buildings. Leasehold improvements are depreciated over the term of the lease. Expenditures for maintenance and repairs are charged to expense, whereas major betterments are capitalized.

Land and building held for sale: During fiscal year 2016, the Seminary began actively marketing the St. Gabriel's property that it owns. The property is located in Brighton, Massachusetts, and had been canonically transferred to the Seminary by the Roman Catholic Archbishop of Boston, A Corporation Sole (Corporation Sole) in January 2014. This property is being marketed for sale and is included in the statement of financial position as land and building held for sale.

In addition, during the year ending June 30, 2017, the Seminary received a contribution of a condominium unit, which was recorded at fair value on date of gift and included in land and building held for sale. The unit was sold during the year ending June 30, 2018.

Impairment of long-lived assets: Long-lived assets, which consist primarily of property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When such events occur, the Seminary compares the carrying amounts of the assets to the undiscounted expected future cash flows over the remaining life of the asset. If this comparison indicates that there may be impairment, the amount of impairment is calculated as the difference between the carrying value and fair value. During the fiscal years ended June 30, 2018 and 2017, the Seminary did not identify any impairment indicators.

Contributed services: The Seminary recognizes contributions of services received as support at fair value in the statement of activities with an equal amount recognized as expense if the services provided require special skills and would need to be purchased by the Seminary if not contributed.

Accounting for assets held by others: The Seminary follows the provisions of Accounting Standards Codification (ASC) Topic 958-605, *Transfer of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. This topical statement requires the Seminary to recognize as an asset its interest in the net assets of other related organizations that hold funds that have been donated for the benefit of the Seminary. Additionally, the statement requires the Seminary to adjust the interest for its share of the change in the related organization's net assets via a charge or credit to its statement of activities. Transfers of funds from the related organization are reported as reductions to the Seminary's recorded interest (see Notes 6 and 7).

Note 2. Summary of Significant Accounting Policies (Continued)

Concentration of credit risk: The Seminary's financial instruments that are subject to concentrations of credit risk consist primarily of cash, cash equivalents, investments and contributions receivable.

The Seminary maintains its cash deposits in two major financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times, funds deposited in banks are in excess of FDIC insured limits. Included in cash equivalents are uninsured money market mutual accounts totaling approximately $859,000 and $464,000 at June 30, 2018 and 2017, respectively. The Seminary has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. Management monitors on a regular basis, the financial institutions, along with its balances, to keep this potential risk to a minimum.

Investments in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such it is reasonably possible that the changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Income tax status: The Seminary is included in the United States Catholic Conference Group Ruling and in the Official Catholic Directory and is therefore exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), except for net revenue from unrelated business activities. Accordingly, no provision for income taxes is included in these financial statements.

The Seminary recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities. Management evaluated the Seminary's tax positions and concluded that the Seminary had no material uncertainties in income taxes as of June 30, 2018 or 2017.

The Seminary does not file income tax returns with the Internal Revenue Service or Commonwealth of Massachusetts based on its affiliation with the Archdiocese of Boston and an exemption available to religious organizations.

Advertising costs: The Seminary expenses advertising costs as incurred. During the years ended June 30, 2018 and 2017, the Seminary had $32,431 and $25,045 of advertising expenses.

Functional allocation of expenses: The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Operating activities: The statements of activities include all of the Seminary's revenues and expenses as part of operating activities, including investment income appropriated under the endowment spending policy recorded in net assets released through satisfaction of restrictions. Items not included represent net realized and unrealized gains (losses) on investments, contributions and bequests restricted for long term purposes, other income not directly attributable to the Seminary's mission, releases from restriction for building and equipment, changes in value of beneficial interest in trusts and re-location settlement with lessee.

Note 2. Summary of Significant Accounting Policies (Continued)

Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Liquidity: In order to provide information about liquidity, assets are sequenced according to their nearness of conversion to cash and liabilities according to the nearness of their estimated maturity.

Contingencies: The Seminary is subject to claims which have arisen in the normal course of business. The likely outcome of these claims is unknown; accordingly, no reserves have been made for the potential settlements of these claims.

Reclassifications: Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 presentation.

Recently issued accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard outlines a single comprehensive model for companies to use in accounting for revenues arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenues are recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards as it is considered in current guidance. The Seminary will also need to apply new guidance to determine whether revenues should be recognized over time or at a point in time. The FASB issued ASU 2015-14 to defer the effective date of ASU 2014-09 for all entities by one year. This standard will be effective for annual reporting periods beginning after December 15, 2018, using either two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09 or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU 2014-09. The FASB also issued ASU 2016-10 and 2016-12, which make various changes to technical guidance included in ASU 2014-09. The Seminary has not yet selected a transition method and is currently evaluating the impact of the impending adoption of ASU 2014-09 on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases.* Under the new guidance, lessees are required to recognized lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those years. The Seminary is currently evaluating the impact of this ASU on the financial statements.

In August, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier adoption is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. The Seminary is currently evaluating the impact of this ASU on the financial statements and disclosures.

Note 2. Summary of Significant Accounting Policies (Continued)

In August 2016, FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Cash Payments*, which will make eight targeted changes to how cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 will be effective for fiscal years beginning after December 15, 2018, and will require adoption on a retrospective basis unless it is impracticable to apply, in which case we would be required to apply the amendments prospectively as of the earliest date practicable. The Seminary is currently evaluating the impact of this ASU on the financial statements and disclosures.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. The ASU will be effective for fiscal years beginning after December 15, 2018. The changes in this ASU must be applied using a retrospective transition method with early adoption permitted. The Seminary is currently evaluating the impact of this ASU on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This ASU clarifies the guidance for revaluating whether a transaction is reciprocal (i.e. an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Additionally, the ASU provides for earlier effective dates for public business entities. Where the Seminary is the resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted. The Seminary is currently evaluating the impact of the adoption of this ASU on the financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes in the Disclosure Requirement for Fair Value Measurement.* This ASU modifies the disclosure requirements for fair value measurements in addition to the removal of disclosures related to transfers between Level 1 and level 2 of the fair value hierarchy, the policy for timing of transfers between levels, the valuation process of level 3 fair value measurements, and a roll forward of level 3 investments. Furthermore, entities are no longer required to estimate and disclose the timing of liquidity events for investments measured at fair value. Instead, the requirement to disclose such events applies only when they have been communicated to the reporting entities by the investees or announced publicly. The ASU is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Seminary is currently evaluating the impact of this ASU on the financial statements.

Note 3. Joint Sale of Property and Related Agreements

In 2007, the Seminary and Corporation Sole, a related organization, sold buildings and land (owned partially by the Seminary and partially by Corporation Sole) to Boston College (the “College”) for $65 million. The sales price was allocated between Corporation Sole and the Seminary based upon the relative appraised values of the properties owned by each entity, which resulted in $44.2 million being allocated to the Seminary. Corporation Sole remitted $8.2 million of the sale proceeds and issued a promissory note to the Seminary in the amount of $36.4 million (see Note 4).

As part of the property sale to the College in 2007, the Seminary agreed to lease a portion of St. John’s Hall to the College for $1 per year over a 99-year term. This agreement was reflected in effect as a sale rather than as a lease and no portion of the property sale proceeds have been deferred as advanced rental payments for the property’s use. Upon completion of the 99-year term, the control of the leased portion of St. John’s Hall reverts back to the Seminary.

Note 3. Joint Sale of Property and Related Agreements (Continued)

On October 18, 2016, the Seminary entered into an agreement with the College to terminate the 2007 lease of a portion of St. John's Hall to the College. In consideration of the termination, the Seminary paid the College $5,000,000. The Seminary entered into a loan agreement with the Revolving Loan Fund (RLF) of Corporation Sole on July 12, 2016 to finance the termination payment (see Note 14).

Additionally, the Seminary has a 50-year put option to require the College to purchase the retained portion of the Seminary building for $10 million. During the period of this agreement, the Seminary has agreed not to sell or transfer the property to any other party. After the 50-year period, the put right will expire and the College will be provided with a permanent right of first refusal, which will entitle the College to match any third-party offer to purchase the property that the Seminary wishes to accept. As of June 30, 2018 and 2017, the Seminary has valued the 50 year put option at $0, as the net book value of the Seminary building exceeds $10 million.

Note 4. Note Receivable Related Organization

During October 2008, Corporation Sole entered into an unsecured ten-year promissory note with the Seminary for $36,408,400 owed to the Seminary from the August 2007 joint sale of property (see Note 3). This note is non-interest bearing and subordinated to all other liabilities, obligations and indebtedness of Corporation Sole. On September 22, 2014, the Board voted to extend the due date of the promissory note to August 23, 2027, when the note will become due and payable in its entirety.

The Theological Institute for the New Evangelization (TINE) leases space for both administrative and classroom activities from Corporation Sole (see Note 11). In lieu of payment, rent is offset against the note receivable. At June 30, 2018 and 2017, the note receivable balance totaled $36,389,650 and $36,408,000, respectively.

Note 5. Investments

Investments are recorded at fair value and consist of the following at June 30:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Common Investment Fund	$ 25,937,316	$ 40,010,576	$ 27,983,210	$ 41,300,345

Investments represent the Seminary's unit holdings in the Common Investment Fund, Roman Catholic Archbishop of Boston (the "Common Investment Fund"), a separate related organization established to provide common investment pools in which the Seminary and other related organizations may participate. The Common Investment Fund invests substantially all of its funds in the Roman Catholic Archbishop of Boston Collective Investment Partnership (the "Partnership"); the underlying investments of which are primarily equity and fixed-income securities (U.S. Government and agency securities, asset-backed securities and corporate bonds) owned either directly or indirectly through mutual funds and private investment entities.

Note 6. Interest in the Net Assets of Related Foundation

The Seminary is the beneficiary of donations collected on its behalf by the Catholic Community Fund of the Archdiocese of Boston, Inc. (the "Foundation"), a related organization, formerly known as the Catholic Foundation of the Archdiocese of Boston, Inc. As discussed in Note 2, *Accounting for Assets Held by Others*, the Seminary has recorded its interest in the Foundation's net assets of $3,464,984 and $2,212,376 at June 30, 2018 and 2017, respectively.

The change in the Seminary's interest is reflected in the statement of activities as an increase in net assets of $1,343,066 in 2018 and $257,819 in 2017. Transfers of funds from the Foundation totaled $88,330 and $80,216 for the years ended June 30, 2018 and 2017, respectively, and are included in net assets released through satisfaction of restrictions on the statement of activities.

Note 7. Endowments

The Seminary's endowment consists of approximately 300 individual funds established for scholarships, one fund established for facility maintenance and three funds established to support general operations. Its endowment includes both donor-restricted endowment funds and a fund designated by the Board to function as an endowment. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: The Board has interpreted Massachusetts General Law (MGL) as requiring realized and unrealized gains and interest and dividend income of permanently restricted net assets to be retained in a restricted net asset classification until appropriated by the Board and expended. MGL allows the Board to appropriate as much of net appreciation of permanently restricted net assets as is prudent considering the Seminary's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions. Appropriation of endowment assets for operations (draw) from appreciation on permanently restricted net assets totaled $885,561 and $798,262 for the years ended June 30, 2018 and 2017, respectively, and are included in net assets released through satisfaction of restrictions on the statement of activities.

It is the policy of the Seminary to appropriate for distribution on a quarterly basis 1% of the net assets of the endowment (including donor restricted and board restricted endowment) as of the previous quarter-end. In establishing this policy, the Seminary considered the long-term expected return on its endowments. Accordingly, over the long term, the Seminary expects the impact of the current spending policy to allow its endowments (including unspent appreciation) to grow at a nominal rate. This is consistent with the Seminary's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return. Actual distributions from the board restricted endowment may exceed the quarterly dividend upon approval of the Board. During the fiscal years ended June 30, 2018 and 2017, additional approved distributions from the board restricted endowment was approximately $3,078,000 and $2,900,000.

Funds with deficiencies: From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the "historic dollar value." Deficiencies of this nature are reported by a direct reduction to unrestricted net assets. There were no deficiencies as of June 30, 2018 and 2017.

Note 7. Endowments (Continued)

Endowment investment policy: The Seminary has adopted an investment philosophy, which combined with the spending rate, attempts to provide a predictable stream of returns thereby making funds available to programs that are supported by its endowment, while at the same time seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Seminary must hold in perpetuity or for donor-specified periods and assets restricted for endowment by the Board. Under the Seminary's Investment Policy and spending rate, both of which are approved by the Board, the endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Seminary relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Seminary invests its investment portfolio in the Common Investment Fund which, in turn, invests in the Investment Partnership. The Investment Committee of Corporation Sole is responsible for selecting the investment managers of the Investment Partnership.

Endowment net asset composition by type of fund as of June 30, 2018, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowments	$ -	$ 10,409,455	$ 12,032,478	$ 22,441,933
Donor restricted endowments at the foundation	(4,725)	1,005,608	2,464,101	3,464,984
Board-designated endowment	14,610,316	-	-	14,610,316
Total funds	$ 14,605,591	$ 11,415,063	$ 14,496,579	$ 40,517,233

Endowment net asset composition by type of fund as of June 30, 2017, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowments	$ -	$ 9,615,141	$ 11,913,860	$ 21,529,001
Donor restricted endowments at the foundation	-	878,056	1,334,320	2,212,376
Board-designated endowment	17,041,019	-	-	17,041,019
Total funds	$ 17,041,019	$ 10,493,197	$ 13,248,180	$ 40,782,396

Note 7. Endowments (Continued)

Changes in endowment net assets for the fiscal year ended June 30, 2018, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 17,041,019	$ 10,493,197	$ 13,248,180	$ 40,782,396
Investment return:				
Investment income	655,978	885,561	1,429	1,542,968
Net appreciation	647,304	794,314	-	1,441,618
Total investment return	1,303,282	1,679,875	1,429	2,984,586
Contributions and bequests	-	-	117,189	117,189
Appropriation of endowment assets for operations (draw)	(3,733,985)	(885,561)	-	(4,619,546)
Other changes:				
Transfer of net assets from the Foundation	-	(90,458)	-	(90,458)
Change in interest in net assets of the Foundation	(4,725)	218,010	1,129,781	1,343,066
Endowment net assets, end of year	$ 14,605,591	$ 11,415,063	$ 14,496,579	$ 40,517,233

Changes in endowment net assets for the fiscal year ended June 30, 2017, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 18,347,977	$ 8,540,565	$ 12,856,762	$ 39,745,304
Investment return:				
Investment income	722,111	798,262	1,429	1,521,802
Net appreciation	1,593,132	1,777,041	-	3,370,173
Total investment return	2,315,243	2,575,303	1,429	4,891,975
Contributions and bequests	-	-	390,391	390,391
Appropriation of endowment assets for operations (draw)	(3,622,201)	(798,262)	-	(4,420,463)
Other changes:				
Transfer of net assets from the Foundation	-	(82,630)	-	(82,630)
Change in interest in net assets of the Foundation	-	258,221	(402)	257,819
Endowment net assets, end of year	$ 17,041,019	$ 10,493,197	$ 13,248,180	$ 40,782,396

Note 8. Land, Buildings and Equipment

Land, buildings and equipment consist of the following at June 30:

	2018	2017
Land and land improvements	$ 2,366,474	$ 2,366,474
Buildings and improvements	28,944,989	26,641,872
Furniture and equipment	2,751,524	2,634,206
Motor vehicles	22,829	22,829
Construction in progress	5,242,260	7,456,779
	39,328,076	39,122,160
Less accumulated depreciation	(13,270,889)	(12,491,836)
	$ 26,057,187	$ 26,630,324

Depreciation expense totaled $779,054 and $745,260 for the years ended June 30, 2018 and 2017, respectively.

At June 30, 2018, construction in progress includes the costs related to the portion of St. John's Hall that was previously leased to the College totaling approximately $5,106,000 and approximately $136,000 of costs relating to the renovation of the lower level of Our Lady of the Presentation ("OLP"). The scope and timing of these renovation projects has yet to be determined. At June 30, 2017, construction in progress included the purchase of the portion of St. John's Hall of approximately $5,000,000 and costs of approximately $2,300,000 related to OLP Deacon House renovations. The OLP Deacon House renovations were completed in July 2017 and placed in service.

Note 9. Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30:

	2018	2017
Net assets available for the following purposes:		
Scholarship awards	$ 140,528	$ 109,786
Other	37,621	34,109
Interest in temporarily restricted net assets of the Foundation (Note 6)	1,005,608	878,056
	1,183,757	1,021,951
Realized and unrealized gains on investments related to temporarily and permanently restricted net assets	10,409,455	9,615,141
	$ 11,593,212	$ 10,637,092

Permanently restricted net assets consist of the following at June 30:

	2018	2017
Net assets restricted to investment in perpetuity, the income from which is expendable to support:		
Scholarships	$ 9,947,747	$ 9,830,692
Building and equipment	1,184,463	1,184,463
General	1,457,345	1,431,165
Interest in permanently restricted net assets of the Foundation (Note 6)	2,464,101	1,334,320
	$ 15,053,656	$ 13,780,640

Note 9. Restricted Net Assets (Continued)

During the years ended June 30, temporarily restricted net assets were released from donor restrictions by incurring expenses or by the occurrence of other events satisfying the restricted purposes as follows:

	2018	2017
Scholarship awards	$ 854,047	$ 798,620
General operations and other	144,702	139,688
	$ 998,749	$ 938,308
Building and equipment	$ 140,081	$ 82,220

Note 10. Fair Value Measurements

Under the FASB authoritative guidance on fair value measurements, 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. In determining fair value, the Seminary uses various methods including market, income and cost approaches. Based on these approaches, the Seminary often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Seminary utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Seminary is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2: Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

Level 3: Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

The Seminary has various processes and controls in place to ensure that fair value is reasonably estimated.

While the Seminary 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 estimate of fair value at the reporting date.

Note 10. Fair Value Measurements (Continued)

During the years ended June 30, 2018 and 2017, there were no changes to the Seminary's valuation techniques that had, or are expected to have, a material impact on its financial position or changes in net assets.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Common investment fund: The estimated fair value of the common investment fund is valued using the net asset value (NAV) as the practical expedient provided by the fund manager.

Beneficial interest in trusts: The fair value of beneficial interest in trusts is based on quoted market prices of the underlying investments and present value techniques.

The following table is a summary of assets that the Seminary measures at fair value on a recurring basis within the fair value hierarchy at June 30, 2018:

	Level 1	Level 2	Level 3	Investments Measured at NAV (a)	Total
Common investment fund	$ -	$ -	$ -	$ 40,010,576	$ 40,010,576
Beneficial interest in trusts	-	-	557,077	-	557,077
	$ -	$ -	$ 557,077	$ 40,010,576	$ 40,567,653

The following table is a summary of assets that the Seminary measures at fair value on a recurring basis within the fair value hierarchy at June 30, 2017:

	Level 1	Level 2	Level 3	Investments Measured at NAV (a)	Total
Common investment fund	$ -	$ -	$ -	$ 41,300,345	$ 41,300,345
Beneficial interest in trusts	-	-	532,460	-	532,460
	$ -	$ -	$ 532,460	$ 41,300,345	$ 41,832,805

(a) In accordance with ASC Subtopic 820-10, *Fair Value Measurements*, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified within the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy amounts to amounts presented in the statements of financial position.

During the years ended June 30, 2018 and 2017, the Seminary did not make any transfers between Level 1, Level 2, or Level 3 assets.

Note 10. Fair Value Measurements (Continued)

The changes in assets, at fair value, for which the Seminary has used Level 3 inputs to determine fair value, are as follows:

	Beneficial Interest in Trusts 2018	Beneficial Interest in Trusts 2017
Balance, beginning of year	$ 532,460	$ 493,683
Change in value of beneficial interest in trusts	24,617	38,777
Balance, end of year	$ 557,077	$ 532,460

The following table presents quantitative information about significant unobservable inputs used in Level 3 fair value measurements at June 30, 2018:

	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Beneficial interest in perpetual trusts	$ 557,077	Market approach based on underlying securities	None	N/A

The following table presents quantitative information about significant unobservable inputs used in Level 3 fair value measurements at June 30, 2017:

	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Beneficial interest in perpetual trusts	$ 532,460	Market approach based on underlying securities	None	N/A

The assets held in trust are managed by an independent third party trustee, and the Seminary has no authority over investment decisions. Thus, they are classified as Level 3 within the fair value hierarchy levels.

Note 10. Fair Value Measurements (Continued)

The Seminary considers investment holdings included in the investment portfolio to be liquid and without restrictions for redemption, except for alternative strategies. The following table sets forth the liquidity, redemption policies, and unfunded commitments of the Seminary's investments that have been accounted for using NAV or its equivalent as a practical expedient for calculating fair value as of June 30.

2018	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Trust Investment	$ 40,010,576	None	Monthly	15 days

2017	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Trust Investment	$ 41,300,345	None	Monthly	15 days

The Common Investment Fund is a Massachusetts trust established in 1970 to act and serve as an investment pool for corporations, organizations, associations, trusts or other legal entities which are under the direction and control of, or related to, Corporation Sole and related organizations who are exempt from taxation under Section 501(c)(3) of the IRC.

The Common Investment Fund seeks to achieve its investment objective of maximizing long-term return by investing substantially all of its net investable assets through a master-feeder structure, in the 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. State Street Corporation is the primary custodian of the Partnership's assets and record keeper of all related activities. The performance of the Common Investment Fund is directly affected by the performance of the Partnership.

Note 11. Related Party Transactions

Benefits: The Seminary participates with other Catholic organizations in lay employee health, dental, life and disability benefit plans that are considered related organizations. Expenses incurred by the Seminary for the benefit of lay employees under these plans were $289,314 and $252,030 for the years ended June 30, 2018 and 2017, respectively.

The Seminary participates with other Catholic organizations in the Archdiocese of Boston Clergy Medical/Hospitalization Trust, a related organization. Expenses incurred by the Seminary for the benefit of clergy under this plan were $122,010 and $95,550 for the years ended June 30, 2018 and 2017, respectively.

Insurance: The Seminary purchases general liability, automobile, fire and theft, crime, boiler and workers' compensation insurance through a pooled insurance program of Corporation Sole. Related insurance expenses for this coverage was $120,869 and $121,402 for the years ended June 30, 2018 and 2017, respectively.

Services: The Seminary receives administrative, technological and clerical services from Corporation Sole. Fees incurred for these services were $263,756 and $234,047 for the years ended June 30, 2018 and 2017, respectively.

Note 11. Related Party Transactions (Continued)

Redemptoris mater: The Seminary paid an agreed-upon amount of housing expenditures for students belonging to the Redemptoris Mater religious group, as well as clergy remuneration and related benefits for Redemptoris Mater order priests. Such expenditures were $234,443 and $220,898 for the years ended June 30, 2018 and 2017, respectively. The Seminary has also agreed to provide financial assistance to Redemptoris Mater seminarians for tuition and fees in the amounts of $463,309 and $449,090 for the years ended June 30, 2018 and 2017, respectively. This financial assistance is reflected as a component of financial aid on the accompanying statement of activities.

Due to/from related party: Amounts due to Corporation Sole from the Seminary at June 30, 2018 and 2017, were $670,382 and $458,021, respectively.

In addition, the Seminary has a note receivable from Corporation Sole (see Note 4) and notes payable to Corporation Sole (see Note 14).

TINE lease: On August 9, 2017, TINE moved from the former St. Gabriel School property to the Archdiocese of Boston Pastoral Center in Braintree. Annual rent totals $22,500 and the agreement is a tenant at will agreement. In lieu of payment the rent reduces the note receivable from Corporation Sole (see Note 4).

Vendor: The Rector of the Seminary is a board member of a major vendor of the Seminary involved with the construction of the various properties of the Seminary. For the services provided by this vendor as they relate to the Seminary the Rector recuses from voting. During the year ended June 30, 2018 and 2017 the vendor was paid approximately $35,000 and $19,000, respectively.

Note 12. Employee Pension Plans

The Seminary participates with other organizations affiliated with the Archdiocese in a noncontributory, defined-benefit multiemployer pension plan covering substantially all employees. Benefits are provided through the Roman Catholic Archdiocese of Boston Pension Plan (the Pension Plan). The Seminary's employees represent approximately 1% of all lay employees covered under the Pension Plan. The Pension Plan is not subject to the Employee Retirement Income Security Act of 1974 (ERISA).

The following table discloses the name and funded status of the Roman Catholic Archdiocese of Boston Pension Plan as of June 30, 2018 (the date of the latest actuarial valuation), inclusive of the fair value of plan assets as of June 30, 2018:

Legal Name and Plan Number	Plan EIN	Present Value of Accumulated Plan Benefits	Fair Value of Plan Assets	Total Net Contributions	Funded Status
Roman Catholic Archdiocese of Boston Pension Plan, Number 001	04-2777359	$ 195,797,982	$173,192,543	$ 8,338,691	89%

Note 12. Employee Pension Plans (Continued)

The following table discloses the name and funded status of the Roman Catholic Archdiocese of Boston Pension Plan as of June 30, 2017 (the date of the latest actuarial valuation), inclusive of the fair value of plan assets as of June 30, 2017:

Legal Name and Plan Number	Plan EIN	Actuarial Present Value of Accumulated Plan Benefits	Fair Value of Plan Assets	Total Net Contributions	Funded Status
Roman Catholic Archdiocese of Boston Pension Plan, Number 001	04-2777359	$ 220,640,236	$192,992,296	$ 8,005,087	88%

Based on an actuarial valuation of the present value of the accumulated plan benefits at June 30, 2018 and 2017, the Seminary's portion of the Pension Plan's accumulated benefit obligation net of Pension Plan assets was determined to be $67,000 and $291,000, respectively, and is not reflected in the accompanying statements of financial position.

The Seminary reserves the right to discontinue contributions at any time and terminate the Pension Plan. In the event of termination and discontinuance, the assets of the Pension Plan remaining after paying all administrative expenses of the Pension Plan will be allocated in accordance with the terms of the Pension Plan for the purpose of paying benefits provided under the Pension Plan. Effective December 31, 2011, the Pension Plan Trustees amended the plan to curtail benefit accruals for plan participants. No additional participants are allowed into the plan. To replace the curtailed defined benefit pension plan, the Archdiocese of Boston established a 401(k) defined contribution plan on January 1, 2012.

Pension expense allocated to the Seminary by the defined benefit Pension Plan is based on payroll cost and amounted to $69,000 for the years ended June 30, 2018 and 2017. Matching contributions related to the 401(k) defined contribution plan amounted to $39,063 and $38,242 for the years ended June 30, 2018 and 2017, respectively.

Note 13. Beneficial Interest in Trusts

Beneficial interest trusts held by third parties consist of the following at June 30:

	2018	2017
Beneficial interest in perpetual trusts	$ 557,077	$ 532,460

The Seminary is one of the beneficiaries named in various trusts managed by third party trustees. Under the terms of the trust agreements, the Seminary is to receive quarterly or annual distribution payments. During the years ended June 30, 2018 and 2017, the Seminary received $50,255 and $44,441, in distributions, respectively, which are recorded as unrestricted contributions on the statement of activities.

The net change in the value of the Seminary's beneficial interest in these trusts is recorded as a change in the value of beneficial interests on the statements of activities. This change amounted to gains of $24,617 and $38,777 for the years ended June 30, 2018 and 2017, respectively.

Note 14. Notes Payable

The Seminary entered into a revolving credit agreement with the RLF of Corporation Sole (a related party) on May 22, 2015. The agreement allows borrowings up to a maximum principal amount of $1,500,000 on a revolving credit basis. The applicable interest rate is the annual rate of interest announced from time to time by the lender as the applicable rate for institutional loans pursuant to the lenders RLF (at June 30, 2018 and 2017, the applicable rate was 4.25% per annum). The agreement matures on May 30, 2020. During the year ended June 30, 2017, Corporation Sole extended the terms of payment and payment is not due until the St. Gabriel's property is sold. The credit agreement is secured by the Seminary's board designated endowment held in the Common Investment Fund. The total amount outstanding under the credit agreement, including accrued interest, is $1,670,396 and $1,606,820 at June 30, 2018 and 2017, respectively.

The Seminary entered into a revolving credit agreement with the RLF on May 1, 2016. The agreement allows borrowings up to a maximum amount of $5,000,000. Borrowing will be used to renovate the OLP property. The applicable interest rate is the annual rate of interest announced from time to time by the lender as the applicable rate for institutional loans pursuant to the lenders RLF (at June 30, 2018 and 2017, the applicable rate was 4.25% per annum). The agreement originally matured on April 30, 2018. Subsequent to June 30, 2018, Corporation Sole extended the terms of payment and no payments of interest or principal are due until the St. Gabriel's property is sold. The revolving credit agreement is secured by the Seminary's share of the sales proceeds of the St. Gabriel's property. The total amount outstanding under the loan agreement, including accrued interest, is $3,143,216 and $2,634,401 at June 30, 2018 and 2017, respectively.

The Seminary entered into a mortgage loan agreement with the RLF on October 19, 2016. The agreement allows borrowings in the amount of $5,000,000 to terminate the 2007 lease of a portion of St. John's Hall to the College (see Note 3). The applicable interest rate is the annual rate of interest announced from time to time by the lender as the applicable rate for institutional loans pursuant to the lenders RLF (at June 30, 2018 and 2017, the applicable rate was 4.25% per annum). The agreement originally matured on April 30, 2018. Subsequent to June 30, 2018, Corporation Sole extended the terms of payment and no payments of interest or principal are due until the St. Gabriel's property is sold. The mortgage loan agreement is secured by the Seminary's share of the sales proceeds of the St. Gabriel's property. The total amount outstanding under the mortgage loan agreement, including accrued interest, is $5,268,390 and $5,056,473 at June 30, 2018 and 2017, respectively.

Note 15. Summary of Educational Expenses

The following is a summary of educational expenses (including School of Theology and School of Masters in Ministry) incurred for the year ended June 30:

	2018	2017
Instruction	$ 4,090,431	$ 3,491,864
Library	109,435	95,242
Student services/activities	43,800	45,539
Operation and maintenance of plant	1,067,731	968,119
Depreciation expense	674,449	629,143
Household expense	1,374,571	1,349,928
	$ 7,360,417	$ 6,579,835

Note 16. Settlement

On June 28, 2018, the Seminary reached a $615,500 settlement with Action for Boston Community Development, Inc. (ABCD) relating to a relocation dispute. ABCD currently leases space in the former St. Gabriel's School building through December 31, 2019 with the option to vacate early once a new space is available.

Note 17. Subsequent Events

The Seminary evaluated subsequent events that have occurred through December 21, 2018, the date on which the financial statements were available to be issued.

In September 2018, the Seminary entered into a lease agreement to lease parking spaces at the St. Gabriel's property with a third party. Monthly rental income is approximately $5,000 per month through December 31, 2019.