St. John’s Seminary

Financial Report
June 30, 2019

Contents

Independent Auditor's Report

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, 2019 and 2018, 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, 2019 and 2018, 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.

Emphasis of Matter
As discussed in Note 1, St. John's Seminary adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended June 30, 2019. The adoption of the standard resulted in additional footnote disclosures and significant changes to the classification of net assets and disclosures relating to net assets. The adoption was retrospectively applied to July 1, 2017; the earliest year presented. Our opinion is not modified with respect to this matter.

RSM US LLP

Boston, Massachusetts
January 25, 2021

St. John's Seminary

Statements of Financial Position
June 30, 2019 and 2018

		2019		2018
Assets				
Cash and cash equivalents	**$**	**2,939,915**	$	1,611,962
Tuition receivable, net of allowances		**8,115**		55,439
Pledges receivable, net of allowances		**7,333**		7,333
Interest and dividends receivable		**377,918**		403,296
Prepaid expenses and other assets		**4,584**		58,243
Due from related organization		**289,343**		-
Land and building held for sale		**4,802,519**		4,802,519
Note receivable, related organization		**35,083,302**		36,389,650
Cash restricted to long-term investment		**83,745**		94,298
Investments, at fair value		**35,224,835**		40,010,576
Interest in the net assets of related foundation		**4,492,792**		3,464,984
Beneficial interest in trusts		**563,824**		557,077
Land, buildings, improvements, furniture and equipment, net		**25,339,896**		26,057,187
Total assets	**$**	**109,218,121**	$	113,512,564
Liabilities and Net Assets				
Liabilities:				
Notes payable and accrued interest	**$**	**10,483,046**	$	10,082,002
Accounts payable and accrued expenses		**263,311**		1,836,334
Due to related organization		**-**		670,382
Deferred revenue		**29,416**		78,874
		10,775,773		12,667,592
Net assets:				
Without donor restrictions		**70,796,936**		74,198,104
With donor restrictions		**27,645,412**		26,646,868
		98,442,348		100,844,972
Total liabilities and net assets	**$**	**109,218,121**	$	113,512,564

See notes to financial statements.

St. John's Seminary

Statement of Activities
Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and support:						
Tuition, fees, room and board	**$ 4,066,191**	**$ -**	**$ 4,066,191**	$ 4,106,521	$ -	$ 4,106,521
Less financial aid	**(2,143,371)**	**-**	**(2,143,371)**	(1,894,504)	-	(1,894,504)
Net tuition, fees, room and board	**1,922,820**	**-**	**1,922,820**	2,212,017	-	2,212,017
Parish collections - Pentecost	**273,156**	**-**	**273,156**	255,331		255,331
Contributions, grants and bequests	**192,883**	**91,117**	**284,000**	231,532	124,315	355,847
Matching gifts	**21,547**	**-**	**21,547**	39,701	1,000	40,701
Other revenues	**155,114**	**-**	**155,114**	151,716	-	151,716
Investment return appropriated for operations	**5,942,231**	**-**	**5,942,231**	4,619,546	-	4,619,546
Net assets released from restrictions	**111,296**	**(111,296)**	**-**	113,188	(113,188)	-
Total revenues, gains and support	**8,619,047**	**(20,179)**	**8,598,868**	7,623,031	12,127	7,635,158
Expenses:						
School of Theology	**5,158,135**	**-**	**5,158,135**	6,483,483	-	6,483,483
School of Masters in Ministry	**719,654**	**-**	**719,654**	876,934	-	876,934
Redemptoris Mater	**201,676**	**-**	**201,676**	234,443	-	234,443
Management and general	**1,183,942**	**-**	**1,183,942**	838,185	-	838,185
Fundraising	**164,086**	**-**	**164,086**	303,035	-	303,035
Total expenses	**7,427,493**	**-**	**7,427,493**	8,736,080	-	8,736,080
Operating income (loss)	**1,191,554**	**(20,179)**	**1,171,375**	(1,113,049)	12,127	(1,100,922)
Nonoperating items:						
Investment return appropriated for operations	**(5,070,227)**	**(872,004)**	**(5,942,231)**	(3,733,985)	(885,561)	(4,619,546)
Contributions and bequests	**-**	**85,043**	**85,043**	-	188,939	188,939
Loss on sale of building	**-**	**-**	**-**	(2,553)	-	(2,553)
Other loss	**-**	**-**	**-**	(2,520)	-	(2,520)
Investment return, net	**478,124**	**682,640**	**1,160,764**	1,539,722	1,681,304	3,221,026
Change in interest in net assets of related foundation	**(619)**	**1,116,297**	**1,115,678**	(4,725)	1,347,791	1,343,066
Change in value of beneficial interest in trusts	**-**	**6,747**	**6,747**	-	24,617	24,617
Releases from restriction for building and equipment	**-**	**-**	**-**	140,081	(140,081)	-
Relocation settlement with lessee	**-**	**-**	**-**	(615,500)	-	(615,500)
Nonoperating (loss) income	**(4,592,722)**	**1,018,723**	**(3,573,999)**	(2,679,480)	2,217,009	(462,471)
Change in net assets	**(3,401,168)**	**998,544**	**(2,402,624)**	(3,792,529)	2,229,136	(1,563,393)
Net assets at beginning of year	**74,198,104**	**26,646,868**	**100,844,972**	77,990,633	24,417,732	102,408,365
Net assets at end of year	**$ 70,796,936**	**$ 27,645,412**	**$ 98,442,348**	$ 74,198,104	$ 26,646,868	$ 100,844,972

See notes to financial statements.

St. John's Seminary

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ (2,402,624)	$ (1,563,393)
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities:		
Net realized and unrealized losses (gains) on investments	402,152	(1,550,999)
Loss on sale of building	-	2,553
In-kind rent in satisfaction of notes receivable, related organization	22,500	18,750
Change in value of beneficial interest in trusts	(6,747)	(24,617)
Depreciation	769,511	779,054
Change in interest in net assets of related foundation	(1,115,678)	(1,343,066)
Contributions restricted for long-term investment	(85,043)	(188,939)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Interest and dividends receivable	25,378	15,711
Prepaid expenses and other assets	53,659	37,072
Tuition receivable, net of allowances	47,324	78,595
Due from related organization	(289,343)	-
Pledges receivable	-	(94)
Increase (decrease) in:		
Due to related organization	613,466	212,361
Deferred revenue	(49,458)	(22,986)
Accounts payable and accrued expenses	(1,573,023)	957,015
Notes payable and accrued interest	401,043	399,003
Net cash and cash equivalents used in operating activities	(3,186,883)	(2,193,980)
Cash flows from investing activities:		
Purchase of land, buildings and equipment	(52,220)	(551,991)
Proceeds from sale of land, buildings and equipment	-	152,447
Purchase of assets restricted to long term investment	(21,632)	(30,691)
Proceeds from sale of assets restricted to long term investment	32,185	94,256
Purchase of investments	(216,410)	(299,343)
Proceeds from sale/redemptions of investments	4,600,000	3,140,111
Transfer of assets from related foundation	87,870	90,458
Net cash and cash equivalents provided by investing activities	4,429,793	2,595,247
Cash flows from financing activities:		
Proceeds from notes payable	-	385,305
Proceeds from restricted contributions	85,043	188,939
Net cash and cash equivalents provided by financing activities	85,043	574,244
Net increase in cash and cash equivalents	1,327,953	975,511
Cash and cash equivalents at beginning of year	1,611,962	636,451
Cash and cash equivalents at end of year	$ 2,939,915	$ 1,611,962
Supplemental disclosures of noncash operating and investing activities:		
In-kind rent in satisfaction of notes receivable, related organization	$ 22,500	$ 18,750
Reduction of due to related organization in satisfaction of notes receivable, related organization	$ 1,283,848	$ -

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

Basis of presentation: The Seminary’s financial statements have been prepared on the accrual basis of accounting and in accordance with accounting standards established by the Financial Accounting Standards Board (FASB). The FASB sets accounting principles generally accepted in the United States of America (U.S. GAAP) to ensure financial condition, changes in net assets, and cash flows are consistently reported. References to U.S. GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification (ASC).

Classification and reporting of net assets: Net assets, revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions, either explicit or implicit. The two classes of net assets – with donor restrictions and without donor restrictions – are defined as follows:

- With donor restrictions – net assets subject to donor-imposed stipulations that require they be maintained in perpetuity or that permit the Seminary to use or expend the donated assets as specified and are satisfied by either the passage of time or by actions of the Seminary. Net assets with donor restrictions also include, under Massachusetts General Law (MGL), amounts representing cumulative unexpended investment return on donor restricted endowment funds, which are subject to prudent appropriation by the Board of Trustees (the Board) in accordance with donor use restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported on the statements of activities as net assets released from restrictions.

- Without donor restrictions – net assets which are not subject to donor-imposed stipulations. Net assets without donor restrictions include expendable funds available to support the Seminary. In addition, net assets without donor restrictions include funds which represent resources designated by the Board for specific purposes.

Revenue recognition: Revenues are reported as increases in net assets without donor restrictions unless the use of related assets is limited by donor imposed restrictions or time restrictions. Expenses are reported as decreases in net assets without donor restrictions.

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.

Note 2. Summary of Significant Accounting Policies (Continued)

Contributions and pledges receivable: Contributions, including unconditional promises to give, are initially recognized at fair value as revenues in the period the donor's commitments are received. Conditional promises 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, 2019 and 2018, the allowance for doubtful accounts related to pledge receivables is $815, and all pledges are expected to be collected during fiscal year 2020.

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.

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.

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, 2019 and 2018, the allowance for doubtful accounts related to tuition receivables is $0 and $6,210, respectively.

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. As of June 30, 2019 and 2018, the Seminary has determined that no allowance is necessary.

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 statements 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.

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 the statements of activities.

Note 2. Summary of Significant Accounting Policies (Continued)

Investments: All investments have been reported in the financial statements at fair value. The fair value of publicly traded securities is based on quoted market prices established by the major securities markets. Other investments, which are not readily marketable, are carried at estimated fair values provided by investment managers using a valuation methodology that allows for the net asset value (NAV) to be used as a practical expedient. Investment securities in general are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and statements of activities.

Purchases and sales of securities are recorded on trade dates, and realized gains and losses are determined on the basis of the average cost of securities sold. Investment income and realized and unrealized gains or losses are reflected in the statements of activities within investment return, net.

Net investment return from investments without donor restrictions are reported as increases in net assets without donor restrictions. Net investment return from investments of net assets held in perpetuity are reported as increases in net assets with donor restrictions. Net investment return from net assets held in perpetuity classified as with donor restrictions remain in net assets with donor restrictions until appropriated by the Board and expended.

Land, buildings, improvements, furniture and equipment: Land, buildings, 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: The Seminary has been 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 statements of financial position as land and building held for sale.

Impairment of long-lived assets: Long-lived assets, which consist primarily of land, buildings, improvements and furniture 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, 2019 and 2018, the Seminary did not identify any impairment indicators.

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 standard 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 statements of activities. Transfers of funds from the related organization are reported as reductions to the Seminary's recorded interest (see Note 8).

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 and cash equivalents, investments, tuition and note receivable, related organization.

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 $926,000 and $859,000 at June 30, 2019 and 2018, 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.

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, 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, 2019 or 2018.

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, 2019 and 2018, the Seminary had $25,660 and $32,431 of advertising expenses, respectively.

Operating activities: The statements of activities include all of the Seminary's revenues and expenses as part of operating activities, including investment return appropriated for operations. Items not included represent investment return, net, investment return appropriated for operations, 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, loss on sale of building, changes in value of beneficial interest in trusts, change in value of in interest in net assets of related foundation and relocation settlement with lessee.

Accounting estimates: The preparation of financial statements in conformity with U.S. 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. The Seminary records such claims when the loss is probable to occur and the amount is estimable.

Note 2. Summary of Significant Accounting Policies (Continued)

Reclassifications: Certain reclassifications within the financial statements have been made to the 2018 financial statements to conform to the 2019 presentation.

Recently adopted accounting pronouncements: During 2019, the Seminary adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which amends the requirements for financial statements and notes in ASC Topic 958 to require the Seminary to make reporting changes that effect the following:

- Net asset classifications and related disclosures.
- Underwater donor-restricted endowments and related disclosures.
- Additional disclosures useful in assessing liquidity within one year of the statements of financial position date.
- New reporting requirements related to functional expense allocation methodologies and classifications.
- Reporting of net investment return.

The Seminary made changes to terminology and classification as described above as well as additional or modified disclosures, particularly Notes 3, 9, 11, and 16. Amounts previously reported for the year ended June 30, 2018 have been reclassified, on a retrospective basis, to achieve consistent presentation. Amounts previously reported as temporarily or permanently restricted net assets have been reclassified to be reported as with donor restrictions. There were no underwater endowment funds at July 1, 2017.

Recently issued accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. On June 3, 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities* (ASU 2020-05), which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2019. The Seminary has not yet selected a transition method and is currently evaluating the impact of this ASU on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (FASB ASC 842)*. The guidance in ASU 2016-02 supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the combined balance sheets for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the combined statements of operations. ASU 2020-05 deferred the effective date of ASU 2016-02 making it effective for annual reporting periods beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Seminary has not yet selected a transition method and is currently evaluating the impact of this ASU on the financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Seminary is currently evaluating the impact of this ASU on its financial statements.

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 its financial statements.

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 its 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 its 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 its financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

In March 2019, the FASB issued ASU 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*. This ASU modifies the definition of the term collections and requires that a collection holding entity disclose its policy for the use of proceeds from when collection items are deaccessioned (i.e., removed from a collection). If a collection-holding entity has a policy that allows proceeds from deaccessioned collection items to be used for direct care, it should disclose its definition of direct care. This ASU is effective for all entities that maintain collections. The amendments are effective for annual financial statements issued for fiscal years beginning after December 15, 2019 and for interim periods within fiscal years beginning after December 15, 2020. Early application of the amendments is permitted. The amendments should be applied on a prospective basis. The Seminary is currently evaluating the impact of this ASU on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which provide new presentation and disclosure requirements about contributed nonfinancial assets for not-for-profit entities, including additional disclosure requirements for recognized contributed services. This ASU will not change the recognition and measurement requirements for those assets. The amendments in ASU 2020-07 should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Seminary is currently evaluating the impact of this ASU on its financial statements.

Note 3. Liquidity and Availability

As of June 30, 2019, financial assets and liquid resources available within one year for general expenditure, such as operating expenses, payments on debt and capital expenditures are as follows:

Cash and cash equivalents	$ 2,694,075
Tuition receivable, net of allowances	8,115
Pledges receivable, net of allowances	7,333
Interest and dividends receivable	377,918
Investments:	
Fiscal year 2020 endowment appropriation under spending policy	1,286,329
Non-endowment investments	3,066,613
Total financial assets and liquidity resources available within one year	$ 7,440,383

The Seminary's cash flows have seasonal variations attributable to timing of tuition and contributions received. As part of its liquidity management, the Seminary evaluates, on an annual basis, liquidity requirements taking into consideration operations expectations and capital plans. Financial assets are structured to be available as general expenditures, liabilities and other obligations become due. In addition, the Seminary has a board designated endowment totaling $9,820,610. Although the Seminary does not intend to spend from its board designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from the board designated endowment could be made available if necessary.

Note 4. 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 5).

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 to the Seminary.

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 15).

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, 2019 and 2018, the Seminary has valued the 50-year put option at $0, as the net book value of the Seminary building exceeds $10 million.

Note 5. 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 4). 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. In addition, certain other expenses for services provided by RCAB are also offset against the note receivable in lieu of payment. At June 30, 2019 and 2018, the note receivable balance totaled $35,083,302 and $36,389,650, respectively.

Note 6. Investments

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

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Common investment fund	$ 21,432,128	$ 35,224,835	$ 25,937,316	$ 40,010,576

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 7. 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.

Note 7. Fair Value Measurements (Continued)

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.

During the years ended June 30, 2019 and 2018, 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 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, 2019:

	Level 1	Level 2	Level 3	Investments Measured at NAV (a)	Total
Common investment fund	$ -	$ -	$ -	$ 35,224,835	$ 35,224,835
Beneficial interest in trusts	-	-	563,824	-	563,824
	$ -	$ -	$ 563,824	$ 35,224,835	$ 35,788,659

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

(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, 2019 and 2018, the Seminary did not make any transfers between Level 1, Level 2, or Level 3 assets.

Note 7. 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	
	2019	2018
Balance, beginning of year	$ 557,077	$ 532,460
Change in value of beneficial interest in trusts	6,747	24,617
Balance, end of year	$ 563,824	$ 557,077

The following table presents quantitative information about significant unobservable inputs used in Level 3 fair value measurements at June 30, 2019:

	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Beneficial interest in perpetual trusts	$ 563,824	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, 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 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.

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:

2019	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common investment fund	$ 35,224,835	None	Monthly	15 days

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

Note 7. Fair Value Measurements (Continued)

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.

Note 8. 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, the Seminary has recorded its interest in the Foundation's net assets of $4,492,792 and $3,464,984 at June 30, 2019 and 2018, respectively.

The change in the Seminary's interest is reflected in the statement of activities as an increase in net assets of $1,115,678 in 2019 and $1,343,066 in 2018. Transfers of funds from the Foundation totaled $87,870 and $90,458 for the years ended June 30, 2019 and 2018, respectively, and are included in net assets released from restrictions on the statement of activities.

Note 9. Endowments

The Seminary's endowment consists of approximately 300 individual funds established for scholarships, one fund established for facility maintenance and one fund 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.

Interpretation of relevant law: The Board has interpreted MGL as requiring net investment returns of donor restricted endowment funds to be retained in net assets with donor restrictions until appropriated by the Board and expended. MGL allows the Board to appropriate as much of net investment return of donor restricted endowment funds 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 from appreciation on donor restricted endowment funds totaled $872,004 and $885,561 for the years ended June 30, 2019 and 2018, respectively.

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 designated endowment) as of the previous quarter-end. Consistent with MGL, the Seminary is allowed to spend from underwater funds. 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 to grow at a nominal rate. This is consistent with the Seminary's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return. Actual distributions from the board designated endowment may exceed the quarterly dividend upon approval of the Board. During the fiscal years ended June 30, 2019 and 2018, additional approved distributions from the board designated endowment was approximately $4,600,000 and $3,078,000, respectively.

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 in net assets with donor restrictions. There were no deficiencies as of June 30, 2019 and 2018.

Note 9. Endowments (Continued)

Endowment investment policy: The Seminary has adopted an investment philosophy that, 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, 2019, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowments	$ -	$ 22,337,612	$ 22,337,612
Donor restricted endowments at the Foundation	-	4,498,136	4,498,136
Board designated endowment	9,820,610	-	9,820,610
Total funds	$ 9,820,610	$ 26,835,748	$ 36,656,358

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

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowments	$ -	$ 22,441,933	$ 22,441,933
Donor restricted endowments at the Foundation	-	3,469,709	3,469,709
Board designated endowment	14,610,316	-	14,610,316
Total funds	$ 14,610,316	$ 25,911,642	$ 40,521,958

Note 9. Endowments (Continued)

Changes in endowment net assets for the fiscal year ended June 30, 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 14,610,316	$ 25,911,642	$ 40,521,958
Investment return, net	280,521	682,640	963,161
Contributions and bequests	-	85,043	85,043
Appropriation of endowment assets for operations (draw)	(5,070,227)	(872,004)	(5,942,231)
Other changes:			
Transfer of net assets from the Foundation	-	(87,870)	(87,870)
Change in interest in net assets of the Foundation	-	1,116,297	1,116,297
Endowment net assets, end of year	$ 9,820,610	$ 26,835,748	$ 36,656,358

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 17,041,019	$ 23,741,377	$ 40,782,396
Investment return, net	1,303,282	1,681,304	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	-	1,347,791	1,347,791
Endowment net assets, end of year	$ 14,610,316	$ 25,911,642	$ 40,521,958

Note 10. Land, Buildings and Equipment

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

	2019	2018
Land and land improvements	$ 2,366,474	$ 2,366,474
Buildings and improvements	28,992,127	28,944,989
Furniture and equipment	2,756,606	2,751,524
Motor vehicles	22,829	22,829
Construction in progress	5,242,260	5,242,260
	39,380,296	39,328,076
Less accumulated depreciation	(14,040,400)	(13,270,889)
	$ 25,339,896	$ 26,057,187

Depreciation expense totaled $769,511 and $779,054 for the years ended June 30, 2019 and 2018, respectively.

At June 30, 2019 and 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. The scope and timing of these renovation projects has yet to be determined.

Note 11. Net Assets

Net assets with donor restrictions consist of the following as of June 30:

	2019	2018
Subject to expenditure for specific purpose:		
Specific club programs	$ 151,952	$ 130,028
Other	93,888	48,121
	245,840	178,149
Subject to the Seminary's spending policy and appropriation:		
Investments in perpetuity (including original gift amount of $12,117,836 and $12,032,478 as of June 30, 2019 and 2018, respectively) and the investment return from which is expendable to support:		
Scholarships	19,254,791	19,355,240
Facility maintenance	1,699,379	1,713,846
Operations	1,299,697	1,310,734
Masters of Ministry program	83,745	62,113
	22,337,612	22,441,933
Not subject to the Seminary's spending policy and appropriation:		
Interest in the net assets of related foundation	4,498,136	3,469,709
Beneficial interests in perpetual trusts	563,824	557,077
	5,061,960	4,026,786
Total net assets with donor restrictions	$ 27,645,412	$ 26,646,868

Note 11. Net Assets (Continued)

The Seminary's Board has designated certain net assets without donor restrictions for the following purposes at June 30:

	2019	2018
Board designated endowment funds:		
Operations	$ 9,820,610	$ 14,610,316

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

	2019	2018
General operations and other	$ 111,296	$ 113,188
Building and equipment	$ -	$ 140,081

Note 12. 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 $325,906 and $289,314 for the years ended June 30, 2019 and 2018, 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 $123,480 and $122,010 for the years ended June 30, 2019 and 2018, 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 $118,081 and $120,869 for the years ended June 30, 2019 and 2018, respectively.

Services: The Seminary receives administrative, technological and clerical services from Corporation Sole. Fees incurred for these services were $126,332 and $263,756 for the years ended June 30, 2019 and 2018, respectively.

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 $201,676 and $234,443 for the years ended June 30, 2019 and 2018, respectively. The Seminary has also agreed to provide financial assistance to Redemptoris Mater seminarians for tuition and fees in the amounts of $662,353 and $463,309 for the years ended June 30, 2019 and 2018, respectively. This financial assistance is reflected as a component of financial aid in the accompanying statements of activities.

Due to/from related party: Amounts due from Corporation Sole to the Seminary at June 30, 2019 were $289,343. Amounts due to Corporation Sole from the Seminary at June 30, 2018, were $670,382. The amounts due to Corporation Sole at June 30, 2019 were offset against the notes receivable from Corporation Sole to satisfy a portion of amounts owed (see Note 5). In addition, the Seminary has notes payable to Corporation Sole (see Note 15).

Note 12. Related Party Transactions (Continued)

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 5).

Vendor: The prior 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, 2019 there were no expenses to this vendor. During the year ended June 30, 2018 the vendor was paid approximately $35,000.

Note 13. 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, 2019 (the date of the latest actuarial valuation), inclusive of the fair value of plan assets as of June 30, 2019:

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	$181,635,877	$154,235,653	$5,236,318	85%

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	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	$ 195,797,982	$173,192,543	$ 8,338,691	89%

Based on an actuarial valuation of the present value of the accumulated plan benefits at June 30, 2019 and 2018, the Seminary's portion of the Pension Plan's accumulated benefit obligation net of Pension Plan assets was determined to be $48,000 and $67,000, respectively, and is not reflected in the accompanying statements of financial position.

Note 13. Employee Pension Plans (Continued)

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, 2019 and 2018. Matching contributions related to the 401(k) defined contribution plan amounted to $18,592 and $39,063 for the years ended June 30, 2019 and 2018, respectively.

Note 14. Beneficial Interest in Trusts

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

	2019	2018
Beneficial interest in perpetual trusts	$ 563,824	$ 557,077

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, 2019 and 2018, the Seminary received $47,673 and $50,255 in distributions, respectively, which are recorded as contributions without donor restrictions 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 interest in trusts on the statements of activities. This change amounted to gains of $6,747 and $24,617 for the years ended June 30, 2019 and 2018, respectively.

Note 15. 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, 2019 and 2018, the applicable rate was 4.25% per annum). 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 $1,733,971 and $1,670,396 at June 30, 2019 and 2018, respectively.

Note 15. Notes Payable (Continued)

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, 2019 and 2018, the applicable rate was 4.25% per annum). The agreement originally matured on April 30, 2018. During the year ended June 30, 2019, 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 $3,268,766 and $3,143,216 at June 30, 2019 and 2018, 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, 2019 and 2018, the applicable rate was 4.25% per annum). The agreement originally matured on April 30, 2018. During the year ended June 30, 2019, 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 $5,480,309 and $5,268,390 at June 30, 2019 and 2018, respectively.

Note 16. Functional Expenses

Expenses directly attributed to a specific functional area of the Seminary are reported as direct expenses to the programmatic area. Certain expenses are attributable to one or more program or supporting functions of the Seminary which are allocated on a reasonable basis. The expenses that are allocated include occupancy expense, insurance, information technology, depreciation and interest expense. Expenses are allocated on the basis of square footage utilized for each of the functional categories.

Note 16. Functional Expenses (Continued)

The expenses related to fulfilling these services for the year ended June 30, 2019 are as follows:

	Support Services		Program			
	General and Administrative	Fundraising	School of Theology	Masters of Ministry	Redemptoris Mater	Total
Faculty and administrative payroll and benefits	$ 421,742	$ 119,205	$ 703,919	$ 624,810	$ 4,127	$ 1,873,803
Clergy payroll and benefits	246,070	-	630,104	-	92,386	968,560
Education assistance	-	-	419,377	1,125	-	420,502
Professional services	129,118	500	329,799	33,545	-	492,962
Insurance	17,003	545	100,533	-	-	118,081
Office expense	64,935	21,217	102,004	10,722	-	198,878
Occupancy	60,200	1,931	345,258	30,934	105,163	543,486
Conference and travel	72,638	-	15,675	683	-	88,996
Student insurance	-	-	314,973	-	-	314,973
Household expenses	-	-	1,177,875	183	-	1,178,058
Depreciation	110,804	3,554	655,153	-	-	769,511
Interest	57,747	1,852	341,443	-	-	401,042
Other	3,685	15,282	22,022	17,652	-	58,641
Total	$ 1,183,942	$ 164,086	$ 5,158,135	$ 719,654	$ 201,676	$ 7,427,493

Note 17. 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 18. Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively impact the Seminary's operations, suppliers or other vendors, and customer base. Quarantines, labor shortages or other disruptions to the Seminary s operations, or those of their customers and/or suppliers or other vendors, may adversely impact the Seminary s revenues, ability to provide its services and operating results. In addition, a significant outbreak of epidemic, pandemic or contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, including the geographical area in which the Seminary operates, resulting an in economic downturn that could affect demand for its services. The extent to which COVID-19 impacts the Seminary's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and actions taken to contain the COVID-19 or its impact, among others.

Note 18. Subsequent Events (Continued)

On April 29, 2020, the Seminary proceeds from Citizens Bank in the aggregate amount of $337,600 pursuant to the Paid Protection Program (PPP) as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan matures on April 29, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on March 29, 2021. The note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations entered into before February 15, 2020.

The Seminary intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. On June 5, 2020, there was an amendment to the CARES Act signed into law affecting the PPP. This amendment lengthens the covered time period for loan forgiveness, extended the commencement of the repayment period from 6 months to 10 months after issuance, and also modified certain conditions of the loan creating additional flexibility in regards to how the funds must be spent.

In July and August 2020, the Seminary received grants awarded from the United States Department of Education totaling $500,000, of which a minimum of $25,460 must be used for grants to students, through the CARES Act.

The Seminary evaluated subsequent events that have occurred through January 25, 2021, the date on which the financial statements were available to be issued.