GT REILLY
& COMPANY
CPAs and Advisors

Audited Financial Statements

Saint John's Seminary

June 30, 2023

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Independent Auditors' Report

To the Trustees
Saint John's Seminary

Opinion

We have audited the accompanying financial statements of St. John's Seminary (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of St. John's Seminary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about St. John's Seminary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 St. John Seminary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about St. John's Seminary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

G. T. Reilly & Company

G.T. Reilly & Company

Milton, Massachusetts
December 6, 2023

Statements of Financial Position

June 30

	2023	2022
Assets		
Cash and cash equivalents	**$ 551,752**	$ 1,631,705
Tuition receivable, net of allowances	**35,670**	8,425
Grant pledge receivable	**25,000**	-
Interest and dividends receivable	**357,781**	402,217
Prepaid expenses and other assets	**44,093**	1,000
Due from related organization	**35,676**	37,470
Note receivable, related organization	**34,516,821**	34,615,727
Cash restricted to long-term investment	**2,617**	148,637
Investments, at fair value	**36,909,880**	34,854,047
Interest in the net assets of related foundation	**3,784,526**	3,555,172
Beneficial interests in trusts	**636,467**	579,219
Land, buildings and equipment, net	**17,258,697**	17,829,089
TOTAL ASSETS	**$ 94,158,980**	$ 93,662,708
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 306,252**	$ 434,567
Deposits	**5,090**	12,375
Deferred revenue	**4,000**	12,526
TOTAL LIABILITIES	**315,342**	459,468
Net Assets:		
Without donor restrictions	**64,440,308**	65,238,477
With donor restrictions	**29,403,330**	27,964,763
	93,843,638	93,203,240
TOTAL LIABILITIES AND NET ASSETS	**$ 94,158,980**	$ 93,662,708

The accompanying notes are an integral part of these financial statements.

Statements of Activities

Year Ended June 30

	2023			2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND SUPPORT						
Tuition, fees, room and board	**$ 3,457,881**	**$ -**	**$ 3,457,881**	$ 2,915,384	$ -	$ 2,915,384
Less financial aid	**(1,776,654)**	**-**	**(1,776,654)**	(1,797,594)	-	(1,797,594)
Net tuition, fees, room and board	**1,681,227**	**-**	**1,681,227**	1,117,790	-	1,117,790
Parish collections - Pentecost	**60,609**	**-**	**60,609**	42,355	-	42,355
Contributions, grants and bequests	**835,083**	**138,483**	**973,566**	968,837	105,793	1,074,630
Matching gifts	**16,945**	**-**	**16,945**	27,812	-	27,812
Other revenues	**101,745**	**-**	**101,745**	30,315	-	30,315
Net assets released from restrictions	**1,254,677**	**(1,254,677)**	**-**	1,412,411	(1,412,411)	
TOTAL OPERATING REVENUES AND SUPPORT	**3,950,286**	**(1,116,194)**	**2,834,092**	3,599,520	(1,306,618)	2,292,902
OPERATING EXPENSES						
School of Theology	**3,021,172**	**-**	**3,021,172**	2,720,498	-	2,720,498
School of Masters in Ministry	**374,765**	**-**	**374,765**	355,091	-	355,091
Redemptoris Mater	**170,584**	**-**	**170,584**	184,999	-	184,999
Management and general	**1,757,117**	**-**	**1,757,117**	1,610,660	-	1,610,660
Fundraising	**657,343**	**-**	**657,343**	570,067	-	570,067
TOTAL OPERATING EXPENSES	**5,980,981**	**-**	**5,980,981**	5,441,315	-	5,441,315
NET OPERATING ACTIVITIES	**(2,030,695)**	**(1,116,194)**	**(3,146,889)**	(1,841,795)	(1,306,618)	(3,148,413)
NON-OPERATING ACTIVITIES						
Change in interest in net assets of related foundation		**315,345**	**315,345**	-	(944,005)	(944,005)
Change in value of beneficial interests in trusts		**57,248**	**57,248**	-	(127,504)	(127,504)
Investment return, net	**1,232,526**	**2,182,168**	**3,414,694**	(2,239,911)	(5,393,774)	(7,633,685)
NET NON-OPERATING ACTIVITIES	**1,232,526**	**2,554,761**	**3,787,287**	(2,239,911)	(6,465,283)	(8,705,194)
INCREASE (DECREASE) IN NET ASSETS	**(798,169)**	**1,438,567**	**640,398**	(4,081,706)	(7,771,901)	(11,853,607)
NET ASSETS AT BEGINNING OF YEAR	**65,238,477**	**27,964,763**	**93,203,240**	69,320,183	35,736,664	105,056,847
NET ASSETS AT END OF YEAR	**$ 64,440,308**	**$ 29,403,330**	**$ 93,843,638**	$ 65,238,477	$ 27,964,763	$ 93,203,240

The accompanying notes are an integral part of these financial statements.

Statements of Functional Expenses

Year Ended June 30

	2023						2022					
	School of Theology	Masters of Ministry	Redemptoris Mater	Management and General	Fundraising	Total	School of Theology	Masters of Ministry	Redemptoris Mater	Management and General	Fundraising	Total
Faculty salary and benefits	$ 437,256	$ 331,396	$ 19,582	$ 721,259	$ 420,251	$ 1,929,744	$ 436,175	$ 291,389	$ 18,313	$ 613,620	$ 332,531	$ 1,692,028
Clergy salary and benefits	511,823	-	78,988	132,891	-	723,702	414,174	-	77,525	200,869	-	692,568
Education assistance	180,593	2,450	-	-	450	183,493	197,787	-	-	1,425	-	199,212
Professional services	143,472	29,659	-	182,048	69,713	424,892	124,751	37,821	-	157,640	73,469	393,681
Insurance	2,500	-	-	146,416	-	148,916	-	-	-	134,871	-	134,871
Office expense	53,998	3,429	-	78,691	99,809	235,927	62,223	4,516	-	98,247	95,600	260,586
Occupancy	22,463	2,559	22,014	374,493	838	422,367	66,468	15,030	29,685	315,148	14,332	440,663
Conference and travel	41,672	3,850	-	18,707	59,566	123,795	20,975	5,895	-	16,600	45,091	88,561
Student insurance	343,712	-	-	-	-	343,712	276,081	-	-	-	-	276,081
Household expenses	749,394	102	50,000	-	545	800,041	670,518	-	59,476	-	3,792	733,786
Depreciation	508,839	-	-	83,809	5,986	598,634	436,673	-	-	71,922	5,137	513,732
Other	25,450	1,320	-	18,803	185	45,758	14,673	440	-	318	115	15,546
	$ 3,021,172	$ 374,765	$ 170,584	$ 1,757,117	$ 657,343	$ 5,980,981	$ 2,720,498	$ 355,091	$ 184,999	$ 1,610,660	$ 570,067	$ 5,441,315

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

For the Year Ended June 30

		2023		2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	**$**	**640,398**	$	(11,853,607)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:				
Net realized and unrealized (gains) losses on investments		**(1,969,311)**		9,444,413
Change in value of beneficial interest in trusts		**(57,248)**		127,504
Depreciation		**598,634**		513,732
Change in interest in net assets of related foundation		**(315,345)**		944,005
Changes in operating assets and liabilities:				
Increase/Decrease in:				
Interest and dividends receivable		**44,436**		54,611
Prepaid expenses and other assets		**(43,093)**		(1,000)
Tuition receivable, net of allowances		**(27,245)**		(8,425)
Due from related organization		**1,794**		4,887
Restricted cash		**146,020**		(5,665)
Grant pledge receivable		**(25,000)**		261,779
Deposits		**(7,285)**		12,375
Notes receivable-related party		**98,906**		114,855
Deferred revenue		**(8,526)**		(249,253)
Accounts payable and accrued expenses		**(128,315)**		199,905
NET CASH APPLIED TO OPERATING ACTIVITIES		**(1,051,180)**		(439,884)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to land, buildings and equipment		**(28,242)**		(996,850)
Purchase of investments		**(291,023)**		(1,454,696)
Proceeds from sales/redemptions of investments		**204,501**		59,641
Transfer of assets from related foundation		**85,991**		1,470,466
NET CASH USED IN INVESTING ACTIVITIES		**(28,773)**		(921,439)
NET DECREASE IN CASH		**(1,079,953)**		(1,361,323)
CASH AT BEGINNING OF YEAR		**1,631,705**		2,993,028
CASH AT END OF YEAR	**$**	**551,752**	$	1,631,705

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

June 30, 2023

Note 1 – Principal Activity and Summary of Significant Accounting Policies

Principal Activity – Saint 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 the seminarians for the priesthood. The Seminary's primary sources of funding are investment income, tuition, and contributions.

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.

Financial Statement Presentation – As a not-for-profit organization, the Seminary presents in its statements of financial position and changes in net assets, two classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions – Net assets that are available for use in general operations and not subject to donor restrictions. At its discretion, the Board of Trustees may designate net assets without donor restrictions for specific purposes.

Net Assets With Donor Restrictions – Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time, the occurrence of events, or by the use of the funds as specified by the donor. Other donor-imposed restrictions may be perpetual in nature where the donor stipulates that the funds be maintained in perpetuity.

Donor-restricted support is recorded as "net assets with donor restrictions" when received or pledged. When a temporary donor-imposed restriction expires, either by use of the funds for the specified purpose or by the expiration of a time restriction, related amounts of "net assets with donor restrictions" are reclassified to "net assets without donor restrictions" and reported in the statement of activities as "net assets released from restrictions".

Contributions made with donor-imposed restrictions to maintain the principal in perpetuity (endowments), while allowing the use of income generated therefrom, are also classified as "net assets with donor restrictions". Income derived from the investment of these perpetual net assets is reported as an increase in "net assets without donor restrictions" or "net assets with donor restrictions" depending on the terms of the donor instrument. Unrealized gains or losses on perpetual net assets are reported as increases or decreases in "net assets with donor restrictions" unless the donor explicitly states otherwise.

See Note 10, "Net Assets with Donor Restrictions".

Contributions – The Seminary follows guidance under the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2018-08, *"Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made"*. The ASU is intended to assist entities in evaluating whether transactions should be accounted for, and reported as, contributions or as exchange transactions, and in determining whether a contribution is conditional or unconditional.

Note 1 – Principal Activity and Summary of Significant Accounting Policies (Cont.)

The ASU clarifies that a contribution represents a nonreciprocal transaction where the grantor or donor does not receive a benefit of commensurate value in return for the assets or resources provided to the recipient. In an exchange transaction, the resource provider receives some thing or benefit of commensurate value in return for the resources provided. Exchange transactions include instances where a transfer of assets represents a payment from a third-party payer on behalf of an existing exchange transaction between the recipient and an identified customer receiving the benefit. However, where the benefit or potential benefit is received by the public or segments thereof, and the resource provider (such as a foundation, government agency, corporation, or other entity), only receives indirect or incidental benefit that is not of commensurate value, the transaction is considered a contribution for accounting purposes. Distinguishing between contributions and exchange transactions determines the appropriate accounting and reporting for a transaction.

Accounting Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Cash and Cash Equivalents – The Seminary considers short-term, highly-liquid investments with original maturities of three months or less to be cash equivalents for presentation purposes in the statement of financial position and the statement of cash flows.

Revenue Recognition – The Seminary recognizes revenue in accordance with FASB Accounting Standards Codification (ASC) Topic 606, "*Revenue from Contracts with Customers*". The standard is based on the principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under the standard, among other things, revenue is recognized at a point in time (when), or over time (as), a performance obligation is satisfied depending on the terms of the contract. ASC 606 does not apply to revenues and support that are covered under other accounting standards such as contributions and investment earnings, gains and losses. The Seminary's contract revenues and related methods of recognition are summarized as follows:

Tuition, Fees, Room and Board Revenue – The Seminary recognizes revenue from student tuition and fees during the fiscal year in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year. In addition, the students pay room and board to live on premise during the school year. Contracts for tuition, room, and board are combined into a single portfolio of similar contracts. Payment for tuition, room and board is required before the start of the academic year. All amounts received prior to the commencement of the academic year are recorded as liabilities and revenue recognition is deferred to the applicable period. Scholarships provided to students are recorded as reductions to tuition, room and board at the time the revenue is recognized.

Promises to Give – Unconditional promises to give to the Seminary are initially recognized at fair value as support in the period the donor commitments are made. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions to be received after one year are discounted as a rate commensurate with the risk involved. Amortization of the discount is recorded as contributed support. Allowance is made for uncollectible promises based upon past experience and other relevant factors. As of June 30, 2023 and 2022, management determined that no allowance was necessary.

Contributed Services – The Seminary recognizes contributed services it receives as support 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. There were no contributed services recorded during 2023 and 2022.

Note 1 – Principal Activity and Summary of Significant Accounting Policies (Cont.)

Tuition Receivable – Tuition receivable is stated at the billed amount outstanding less an allowance for doubtful accounts. The allowance is established via a provision for bad debts charged to expense in the statement of activities. On a periodic basis, management evaluates its receivables and establishes or adjusts its allowance to an amount that it believes will be adequate to absorb possible losses on accounts that may become uncollectible based on evaluations of the collectability of individual accounts, the Seminary's history of prior loss experience, and on the current economic conditions. Accounts are charged against the allowance when management believes that the collectability of a specific account is unlikely. As of June 30, 2023 and 2022, management determined that no allowance was necessary for tuitions receivable.

Beneficial Interests in Trusts – The Seminary is the beneficiary of a number of charitable trusts (split interest agreements). The Seminary's beneficial interest in such trusts are reported in the statement of financial position. The Seminary initially recognizes a contribution in its statement of activities as well as its interest in the underlying investment in its statement of financial position, at an amount which is determined based on the specified amount or percentage of the fair value of the trusts' assets that represent the Seminary's beneficial interest. For agreements and trust assets maintained by an outside trustee, the Seminary includes in the beneficial interest in the charitable trusts the value of the estimated future benefits to be received when the assets are distributed.

Adjustments to reflect changes in the fair value of the trusts' 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 reported beneficial interest and recognized in the statement of activities.

Investments – The Seminary reports investments in marketable securities and pooled funds at estimated fair value. Net realized gains and losses from the sale of investments as well as increases or decreases in the estimated fair value of investments held are reflected currently in the statement of activities as a component of "investment return", which also includes investment dividends (see Note 4).

Land, Buildings and Equipment – Land, buildings and equipment are stated at cost less accumulated provisions for depreciation. Maintenance and repairs are expensed as incurred, whereas major additions and purchases are capitalized. (See Note 7)

Depreciation has been calculated and provided over the estimated useful lives of the respective assets on a straight-line basis. Estimated useful lives for depreciation purposes are summarized as follows:

	Estimated Useful Lives
Buildings and building improvements	15 - 40 years
Furniture and equipment	5 years
Motor vehicles	5 years

Accounting for Assets Held by Others – The Seminary recognizes as an asset its interest in the net assets of other related organizations who hold funds that have been donated for the benefit of the Seminary. The recorded asset amount is adjusted for the Seminary's share of the change in the related organization's net assets via a charge or credit to the Seminary's statement of activities. Transfers of funds from the related organization are reported as reductions to the Seminary's recorded interest (see Note 6).

Income Tax – 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. Accordingly, no provision for income taxes is included in these financial statements (see Note 14).

Note 1 – Principal Activity and Summary of Significant Accounting Policies (Cont.)

Functional Allocation of Expenses – The costs and expenses of providing program services and other activities (general and administrative support or fundraising) have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Costs and expenses related directly to a program, or a supporting function are charged to that program or function, while other expenses are allocated to programs and/or supporting functions based on reasonable methods which include square footage, time spent and management's best estimates.

Evaluation of Subsequent Events – Management has evaluated subsequent events involving the Seminary for potential recognition or disclosure in the accompanying financial statements. Subsequent events are events or transactions that occurred after June 30, 2023 up through December 6, 2023, the date the accompanying financial statements were available to be issued.

Note 2 – Prior Year Joint Sale of Property, Note Receivable and Related Agreements

In 2007, the Seminary and Corporation Sole, a related organization (Note 1), sold buildings and land (owned partially by the Seminary and partially by Corporation Sole) to Boston 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 3).

As part of the property sale to Boston College in 2007, the Seminary agreed to lease a portion of Saint John's Hall to Boston 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 were deferred as advanced rental payments for the property's use. Upon completion of the 99-year term, control and use of the leased portion of Saint John's Hall reverts back to the Seminary.

In 2016, the Seminary entered into an agreement with the College to terminate, in part, the 2007 lease of a portion of Saint John's Hall. In consideration of the termination, the Seminary paid the College $5,000,000.

Additionally, the Seminary has a 50-year put option to require Boston 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 Boston 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.

Note 3 – Note Receivable from 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 2). The 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 Seminary's Lay Formation Program rents space for both administrative and classroom activities from Corporation Sole. In lieu of cash payment, an amount for rent and other services received is offset against the note receivable, $98,906 and $114,855 for the years ended June 30, 2023 and 2022, respectively (see Note 8). At June 30, 2023 and 2022, the note receivable balance totaled $34,516,821 and $34,615,727 respectively.

Note 4 – Investments

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

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Common Investment Fund	**$ 29,618,962**	**$ 36,757,769**	$ 29,679,398	$ 34,854,047
Catholic Endowment Fund	**146,956**	**152,111**	-	-
	$ 29,765,918	**$ 36,909,880**	$ 29,679,398	$ 34,854,047

The Seminary's investments consist of unit holdings in the Common Investment Fund established by the Roman Catholic Archbishop of Boston (RCAB) to provide common investment pools in which the Seminary and other related organizations may participate. The participants own units based upon a per-unit value at the time of purchase. The Common Investment Fund incurs service fees from the RCAB for administrative and clerical services performed on behalf of the fund. These fees are reflected in the calculation of the value per unit.

The Common Investment Fund invests nearly all of its funds in the RCAB Collective Investment Partnership (the "Investment 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 entities.

The Seminary's investments also consist of a limited partnership interest in the Catholic Endowment Fund, LP. The Catholic Endowment Fund was organized to operate as a private investment partnership designed for institutions, endowed charitable organizations and certain other Roman Catholic non-profit organizations. The assets of the Partnership may be invested with independent money managers to manage assets in separately managed accounts, or in other collective investment vehicles, such as exchange-traded funds, open-end mutual funds, and private investment funds.

Risks and Uncertainties – The Seminary's investment in the Common Investment Fund is exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with the underlying investment securities, and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statements of financial position and the statements of activities.

Note 5 – Fair Value Measurements

The Seminary measures the fair values of assets and liabilities as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value hierarchy is used to prioritize the inputs to valuation techniques used to measure fair value. The Seminary classifies its assets and liabilities into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which observable market inputs are readily available), and Level 3 (securities valued based on significant unobservable inputs).

The Seminary measures the fair value of investments in certain entities that do not have a quoted market price based on the investees' calculated net asset value (NAV) per share or its equivalent. The Seminary reports its investments at the net asset value per unit on the valuation day.

Note 5 – Fair Value Measurements (Cont.)

The Seminary's financial assets that are reported at fair value on a recurring basis as of June 30, 2023 and 2022, by level within the fair value hierarchy, are presented in the table below. Financial assets measured at fair value on a nonrecurring basis, such as recorded promises to give to the Seminary, are excluded from the table.

June 30, 2023	**Level 1**	**Level 2**	**Level 3**	**Investments Measured at NAV (a)**	**Total**
Common investment fund	**$ -**	**$ -**	**$ -**	**$ 36,757,769**	**$ 36,757,769**
Catholic endowment fund	**-**	**-**	**152,111**	**-**	**152,111**
Beneficial interests in trusts	**-**	**-**	**636,467**	**-**	**636,467**
	$ -	**$ -**	**$ 788,578**	**$ 36,757,769**	**$ 37,546,347**
June 30, 2022					
Common investment fund	$ -	$ -	$ -	$ 34,854,047	$ 34,854,047
Beneficial interests in trusts	-	-	579,219	-	579,219
	$ -	$ -	$ 579,219	$ 34,854,047	$ 35,433,266

(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 hierarchy 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, 2023 and 2022, the Seminary did not make any transfers between Level 1, Level 2, or Level 3 assets.

The changes in assets, at fair value, for which the Seminary has used Level 3 inputs to determine fair value, its beneficial interests in trusts (Note 12), are as follows:

	Beneficial Interests in Trusts 2023	Beneficial Interests in Trusts 2022
Balance, beginning of year	**$ 579,219**	$ 706,723
Change in value of beneficial interest in trusts	**57,248**	(127,504)
Balance, at end of year	**$ 636,467**	$ 579,219

The following table presents quantitative information about significant unobservable inputs used in Level 3 fair value measurements:

	Fair Value at June 30, 2023	Valuation Technique	Unobservable Input	Range (Weighted Average)
Beneficial interest in trusts	$ 636,467	Market approach based on underlying securities	None	N/A

	Fair Value at June 30, 2022	Valuation Technique	Unobservable Input	Range (Weighted Average)
Beneficial interest in trusts	$ 579,219	Market approach based on underlying securities	None	N/A

Note 5 – Fair Value Measurements (Cont.)

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 considered to be valued using Level 3 inputs within the fair value hierarchy.

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.

2023	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Common Investment Fund	**$ 36,757,769**	**None**	**Monthly**	**15 days**
Catholic Endowment Fund	**$ 152,111**	**None**	**Monthly**	**15 days for under 5%, 95 days for all others**

2022	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Investment Fund	$ 34,854,047	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, the Corporation Sole and related organizations who are exempt from taxation under Section 501(c)(3) of the IRC (see Note 4).

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 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 1, the Seminary has recorded its interest in the Foundation's net assets of $3,784,526 and $3,555,172 at June 30, 2023 and 2022, respectively.

The change in the Seminary's interest is reflected in the statement of activities as an increase in net assets of $315,345 for the year ended June 30, 2023 and a decrease in net assets of $944,005 for the year ended June 30, 2022. Transfers of funds from the Foundation totaled $85,991 and $1,470,466 for the years ended June 30, 2023 and 2022, respectively.

Note 7 – Land, Buildings and Equipment

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

	2023	2022
Land and land improvements	**$ 381,148**	$ 381,148
Buildings and improvements	**24,576,582**	24,548,341
Furniture and equipment	**2,664,223**	2,664,222
Motor vehicles	**22,829**	22,829
Construction project	**5,109,622**	5,109,622
	32,754,404	32,726,162
Less accumulated provisions for depreciation	**(15,495,707)**	(14,897,073)
	$ 17,258,697	$ 17,829,089

Depreciation expense totaled $598,634 and $513,733 for the years ended June 30, 2023 and 2022, respectively.

Construction Project – At June 30, 2023, the construction project consists primarily of the Seminary's costs to terminate the lease of a portion of Saint John's Hall that was previously leased to Boston College (Note 2). The scope and timing of this renovation project has yet to be determined.

Note 8 – Other Related Party Transactions

Employee Benefit Costs – 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 $260,904 and $224,474 for the years ended June 30, 2023 and 2022, respectively.

The Seminary also 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 $132,834 and $130,948 for the years ended June 30, 2023 and 2022, 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 expense for this coverage was $118,473 and $130,771 for the years ended June 30, 2023, and 2022, 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 renumeration and related benefits for Redemptoris Mater order priests. Such expenditures approximated $185,000 for each of the years ended June 30, 2023 and 2022. The Seminary has also agreed to provide financial assistance to Redemptoris Mater seminarians for tuition and fees. Such amounts totaled $701,194 and $572,846 for the years ended June 30, 2023 and 2022, respectively. This financial assistance is included in financial aid in the accompanying statements of activities.

Due to/from Related Party – Amounts due from Corporation Sole to the Seminary at June 30, 2023 and 2022 were $35,676 and $37,470, respectively.

Rent – During the year ended June 30, 2022 the Seminary's Lay Formation Program rented space in the Archdiocese of Boston Pastoral Center in Braintree. In lieu of the cash payment of annual rent in the amount of $22,500 under a tenant at will agreement, the amount of rent was recorded via a reduction to the note receivable from Corporation Sole (see Note 3). This space was no longer needed for 2023.

Note 9 – Employee Benefit Plan

The Seminary participates in the Archdiocese of Boston's 401(k) defined contribution plan. The Seminary makes participant matching contributions subject to formulas defined in the plan document. Contributions by the Seminary approximated $50,000 and $42,000 for the years ended June 30, 2023 and 2022, respectively. Each eligible employee may defer up to 100% of compensation subject to limits of the maximum amount allowed by law.

Note 10 – Net Assets With Donor Restrictions

The following is a summary of net assets with donor restrictions at June 30:

	2023	2022
Temporary in Nature	**$ 15,576,280**	$ 14,166,917
Perpetual in Nature	**13,827,050**	13,797,846
	$ 29,403,330	$ 27,964,763

Restricted net assets which are temporary in nature at June 30, consist of the following:

	2023	2022
Restricted for:		
Specific club programs	**$ 353,009**	$ 326,530
Other	**332,966**	288,662
	685,975	615,192
Unrealized net gains and losses on investments related to restricted endowment net assets (see below)	**12,053,532**	10,982,851
Beneficial interests in trusts (Note 12)	**636,467**	579,218
Interest in net assets of related foundation (Note 6)	**2,200,306**	1,989,656
	$ 15,576,280	$ 14,166,917

Restricted net assets which are perpetual in nature (endowments) at June 30, consist of the following:

	2023	2022
Income restricted for:		
Scholarships	**$ 10,160,754**	$ 10,150,254
Facility maintenance	**1,184,463**	1,184,463
Operations	**736,644**	736,644
Masters of Ministry program	**160,969**	160,969
Interest in net assets of related foundation (Note 6)	**1,584,220**	1,565,516
	$ 13,827,050	$ 13,797,846

Note 11 – Endowments

Net assets were released from donor restrictions by incurring expenses, by the occurrence of other events satisfying the restricted purposes, or by donors removing the restrictions, as follows, during the year ended June 30:

	2023	2022
General operations and other	**$ 1,254,677**	$ 1,412,411

The Seminary's endowments consist of approximately 300 individual funds established for scholarships, one fund established for facility maintenance and three funds established to support general operations. Its endowments includes both donor-restricted endowment funds and a fund designated by the Board of Trustees to function as an endowment. 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 Seminary has historically viewed the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the Seminary to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Seminary classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. This is regarded as the "historic dollar value" of the endowment fund. The remaining portion of the donor-restricted endowment funds that are not considered restricted in perpetuity, and are regarded as "net appreciation", are considered temporarily restricted net assets until those amounts are appropriated for expenditure by the Seminary

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 endowments) as of the previous quarter-end. Consistent with MGL, the Seminary is allowed to spend from underwater funds, if any. 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. There were no distributions in fiscal years ended June 30, 2023 and 2022.

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 such deficiencies as of June 30, 2023 or 2022.

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. Under the Seminary's Investment Policy and spending rate, both of which are approved by the Board of Trustees, 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.

Note 11 – Endowments (Cont.)

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 (Note 3). 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, 2023 and 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions: Temporary in Nature	With Donor Restrictions: Perpetual in Nature	Total
June 30, 2023:				
Donor restricted endowments	**$ -**	**$ 10,762,715**	**$ 12,242,830**	**$23,005,545**
Donor restricted endowments at the foundation	**-**	**958,788**	**1,584,220**	**2,543,008**
Board-designated endowment	**8,909,305**	**-**	**-**	**-**
Endowment net assets at end of year	**$ 8,909,305**	**$ 11,721,503**	**$ 13,827,050**	**$25,548,553**
June 30, 2022:				
Donor restricted endowments	$ -	$ 9,692,035	$ 12,232,330	$21,924,365
Donor restricted endowments at the foundation	-	830,399	1,565,516	2,395,915
Board-designated endowment	8,428,919	-	-	-
Endowment net assets at end of year	$ 8,428,919	$ 10,522,434	$ 13,797,846	$24,320,280

Note 11 – Endowments (Cont.)

Changes in endowment net assets for the fiscal years ended June 30, 2023 and 2022 are as follows:

		With Donor Restrictions		
	Without Donor Restrictions	Temporary in Nature	Perpetual in Nature	Total
For the year ended June 30, 2023:				
Endowment net assets, beginning of year	**$ 8,428,919**	**$ 10,522,434**	**$ 13,797,846**	**$ 24,320,280**
Investment income (losses), net	**$ 813,908**	**$ 2,182,168**		**$ 2,182,168**
				-
Contributions and bequests	**-**	**-**	**10,500**	**10,500**
Appropriation of endowment assets for expenditure	**(333,522)**	**(1,111,488)**	**-**	**(1,111,488)**
				-
Other changes:				**-**
Transfer of net assets from foundation	**-**	**(85,991)**	**-**	**(85,991)**
Change in interest in net assets of foundation	**-**	**214,380**	**18,704**	**233,084**
				-
Endowment net assets at end of year	**$ 8,909,305**	**$ 11,721,503**	**$ 13,827,050**	**$ 25,548,553**

		With Donor Restrictions		
	Board Designated Perpetual	Temporary in Nature	Perpetual in Nature	Total
For the year ended June 30, 2022:				
Endowment net assets, beginning of year	$ 10,756,214	$ 17,439,643	$ 13,790,596	$ 31,230,239
Investment losses, net	$ (1,912,764)	$ (5,101,492)	$ -	$ (5,101,492)
Contributions and bequests	-	-	2,250	2,250
Appropriation of endowment assets for expenditure	(414,531)	(1,151,848)	-	(1,151,848)
Other changes:				
Transfer of net assets from foundation	-	(105,840)	-	(105,840)
Change in interest in net assets of foundation	-	(558,029)	5,000	(553,029)
				-
Endowment net assets at end of year	$ 8,428,919	$ 10,522,434	$ 13,797,846	$ 24,320,280

Note 12 – Beneficial Interest in Trusts

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

	2023	2022
Beneficial interest in perpetual trusts	**$ 636,467**	$ 579,219

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.

The net change in the value of the Seminary's beneficial interest in these trusts is recorded as a credit or charge to the statements of activities. This change resulted in a gain of $57,248 for the year ended June 30, 2023 and a loss of $127,504 for the year ended June 30, 2022.

Note 13 – Financial Instruments and Concentrations of Credit Risk

The Seminary's significant financial instruments that are subject to concentrations of credit risk consist primarily of the following:

Cash and Cash Equivalents – The Seminary maintains it cash accounts in high quality financial institutions. At times, the amounts on deposit at any institution are in excess of insured limits. At June 30, 2023, based on bank balances, there was approximately $134,000 of cash in excess of FDIC Insurance Limits.

Note Receivable from Related Organization – Note 3 discusses the terms of a note receivable from Corporation sole with a balance of approximately $34.5 million at June 30, 2023, which represents approximately 36% of the Seminary's total assets.

Investments – As more fully discussed in Note 4, substantially all of the Seminary's investments consist of Common Investment Funds administered by the Roman Catholic Archdiocese of Boston (RCAB), $36.7 million, which represents approximately 39% of the Seminary's total assets.

Interest in Net Assets of Related Foundation – As more fully discussed in Note 6, the Seminary's beneficial interest in the net assets of the Catholic Community Fund approximate $3,785,000 at June 30, 2023.

Note 14 – Income Taxes

The Seminary recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Seminary's management has reviewed the tax positions for open periods and determined that no provision for income tax is required in the Seminary's financial statements.

Note 15 – Liquidity

Financial assets and liquidity resources available for general expenditures within 12 months are as follows at June 30:

	2023	2022
Cash and cash equivalents	**$ 551,752**	$ 1,631,705
Tuition receivable, net of allowances	**35,670**	8,425
Pledges receivable, net of allowances	**25,000**	-
Interest and dividends receivable	**357,781**	402,217
Investments:		
Fiscal year endowments appropriation estimate under spending policy	**1,476,000**	1,395,000
Non-endowment investments	**4,995,030**	3,209,947
Total financial assets and liquidity resources available within one year	**$ 7,441,233**	$ 6,647,294

The Seminary's total operating expenses approximated $6 million and $5.4 million for the years ended June 30, 2023 and 2022, respectively.