GT REILLY
& COMPANY
CPAs and Advisors

Audited Financial Statements

Saint John's Seminary

June 30, 2021

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GT Reilly & Company
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Independent Auditors' Report

To the Trustees
Saint John's Seminary

We have audited the accompanying financial statements of Saint John's Seminary, which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 Saint John's Seminary as of June 30, 2021, and 2020, 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.

G. T. Reilly & Company

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G.T. Reilly & Company

Milton, Massachusetts
December 13, 2021

Statements of Financial Position

June 30

		2021		2020
Assets				
Cash and cash equivalents	**$**	**2,993,028**		3,339,190
Tuition receivable, net of allowances		**-**		117,913
Grant pledge receivable, net of allowances		**261,779**		-
Interest and dividends receivable		**456,828**		298,373
Due from related organization		**42,357**		79,618
Land and buildings held for sale		**-**		8,687,359
Note receivable, related organization		**34,730,582**		34,891,078
Cash restricted to long-term investment		**142,972**		113,222
Investments, at fair value		**42,903,405**		33,747,938
Interest in the net assets of related foundation		**5,969,643**		4,234,096
Beneficial interests in trusts		**706,723**		564,427
Land, buildings and equipment, net		**17,345,971**		17,840,062
TOTAL ASSETS	**$**	**105,553,288**	$	103,913,276
Liabilities and Net Assets				
Liabilities:				
Notes payable and accrued interest, related organization		**-**		10,892,085
SBA Paycheck Protection Program loan, forgivable		**-**		337,600
Accounts payable and accrued expenses		**234,662**		207,880
Deposits		**-**		14,880
Deferred revenue		**261,779**		-
TOTAL LIABILITIES		**496,441**		11,452,445
Net Assets:				
Without donor restrictions		**69,320,183**		64,767,091
With donor restrictions		**35,736,664**		27,693,740
		105,056,847		92,460,831
TOTAL LIABILITIES AND NET ASSETS	**$**	**105,553,288**	$	103,913,276

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

Saint John's Seminary

Statements of Activities

Year Ended June 30

	2021			2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND SUPPORT						
Tuition, fees, room and board	**$ 3,086,240**	**$ -**	**$ 3,086,240**	$ 3,352,292	$ -	$ 3,352,292
Less financial aid	**(1,878,922)**	**-**	**(1,878,922)**	(1,866,047)	-	(1,866,047)
Net tuition, fees, room and board	**1,207,318**		**1,207,318**	1,486,245	-	1,486,245
Parish collections - Pentecost	**42,357**	**-**	**42,357**	73,166	-	73,166
Contributions, grants and bequests	**763,576**	**155,249**	**918,825**	255,379	98,119	353,498
Matching gifts	**19,525**	**-**	**19,525**	24,672	-	24,672
Other revenues	**68,320**	**-**	**68,320**	123,142	-	123,142
Net Assets released from restrictions	**862,714**	**(862,714)**		816,195	(816,195)	
TOTAL OPERATING REVENUES AND SUPPORT	**2,963,810**	**(707,465)**	**2,256,345**	2,778,799	(718,076)	2,060,723
OPERATING EXPENSES						
School of Theology	**3,300,145**	**-**	**3,300,145**	3,698,594	-	3,698,594
School of Masters in Ministry	**334,328**	**-**	**334,328**	349,308	-	349,308
Redemptoris Mater	**260,177**	**-**	**260,177**	236,731	-	236,731
Management and general	**1,721,371**	**-**	**1,721,371**	1,711,865	-	1,711,865
Fundraising	**345,417**	**-**	**345,417**	296,448	-	296,448
TOTAL OPERATING EXPENSES	**5,961,438**		**5,961,438**	6,292,946	-	6,292,946
NET OPERATING ACTIVITIES	**(2,997,628)**	**(707,465)**	**(3,705,093)**	(3,514,147)	(718,076)	(4,232,223)
NON-OPERATING ACTIVITIES						
Change in interest in net assets of related foundation		**1,735,547**	**1,735,547**	-	378,059	378,059
Change in value of beneficial interests in trusts		**142,296**	**142,296**	-	603	603
Investment return, net	**3,865,419**	**6,872,546**	**10,737,965**	424,424	387,742	812,166
Debt forgiveness on PPP loan	**337,600**	**-**	**337,600**	-	-	-
Loss on assets classified as held for sale	**-**	**-**	**-**	(2,940,122)	-	(2,940,122)
Gain on sale of assets held for sale	**3,347,701**	**-**	**3,347,701**	-	-	-
NET NON-OPERATING ACTIVITIES	**7,550,720**	**8,750,389**	**16,301,109**	(2,515,698)	766,404	(1,749,294)
INCREASE (DECREASE) IN NET ASSETS	**4,553,092**	**8,042,924**	**12,596,016**	(6,029,845)	48,328	(5,981,517)
NET ASSETS AT BEGINNING OF YEAR	**64,767,091**	**27,693,740**	**92,460,831**	70,796,936	27,645,412	98,442,348
NET ASSETS AT END OF YEAR	**$ 69,320,183**	**$35,736,664**	**$ 105,056,847**	$ 64,767,091	$27,693,740	$ 92,460,831

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

Statements of Functional Expenses

Year Ended June 30

	2021						2020					
	Management and General	Fundraising	School of Theology	Masters of Ministry	Redemptoris Mater	Total	Management and General	Fundraising	School of Theology	Masters of Ministry	Redemptoris Mater	Total
Faculty salary and benefits	$ 1,010,819	$ 268,843	$ 450,626	$ 274,199	$ 16,063	$ 2,020,550	$ 839,222	$ 221,787	$ 445,671	$ 277,751	$ 9,971	$ 1,794,402
Clergy salary and benefits	181,316		438,879		77,458	697,653	147,490	-	523,391	-	95,983	766,864
Education assistance			211,229			211,229	-	-	308,147	-	-	308,147
Professional services	160,411	10,230	144,659	30,830	61,078	407,208	277,064	10,382	92,145	14,875	-	394,466
Insurance	165,401		2,241			167,642	128,986	-	37,122	3,562	-	169,670
Office expense	51,403	53,701	40,049	1,926		147,079	76,622	35,215	18,998	29,237	-	160,072
Occupancy	42,842	1,600	249,261	22,199	73,568	389,470	45,546	1,461	261,214	23,404	79,564	411,189
Conference and travel	776	3,300	3,580	5,174		12,830	41,590	15,181	200	-	-	56,971
Student insurance			269,260			269,260	-	-	256,834	-	-	256,834
Household expenses			808,520		32,010	840,530	-	269	811,710	479	51,213	863,671
Depreciation	72,997	5,214	443,198			521,409	98,080	7,006	595,483	-	-	700,569
Interest	35,406	2,529	214,965			252,900	57,265	4,090	347,679	-	-	409,034
Other			23,678			23,678	-	1,057	-	-	-	1,057
	$ 1,721,371	$ 345,417	$ 3,300,145	$ 334,328	$ 260,177	$ 5,961,438	$ 1,711,865	$ 296,448	$ 3,698,594	$ 349,308	$ 236,731	$ 6,292,946

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

Statements of Cash Flows

For the Year Ended June 30

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ 12,596,016**	$ (5,981,517)
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	**(10,198,553)**	564,233
Gain on sale of assets held for sale	**(3,347,701)**	
Change in value of beneficial interest in trusts	**(142,296)**	(603)
Depreciation	**521,409**	700,569
SBA Paycheck Protection Program loan forgiveness	**(337,600)**	
Change in interest in net assets of related foundation	**(1,735,547)**	(378,059)
Loss on assets classified as held for sale		2,940,121
Changes in operating assets and liabilities:		
Increase/Decrease in:		
Interest and dividends receivable	**(158,455)**	79,545
Prepaid expenses and other assets	**-**	(4,584)
Tuition receivable, net of allowances	**117,913**	(109,798)
Due from related organization	**37,261**	209,725
Restricted cash	**(29,750)**	(29,477)
Grant pledge receivable	**(261,779)**	7,333
Deposits		14,880
Notes receivable-related party	**160,496**	192,224
Deferred revenue	**246,899**	(29,416)
Accounts payable and accrued expenses	**26,782**	(55,431)
Accrued interest		409,039
NET CASH APPLIED TO OPERATING ACTIVITIES	**(2,504,905)**	(1,471,216)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to land, buildings and equipment	**(27,318)**	(16,528)
Proceeds from sale of land and buildings held for sale	**12,035,060**	-
Purchase of investments	**(539,412)**	(923,427)
Proceeds fom sales/redemptions of investments	**1,582,498**	1,836,091
Transfer of assets from related foundation	**-**	636,755
NET CASH PROVIDED FROM INVESTING ACTIVITIES	**13,050,828**	1,532,891
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable and accrued interest, related organization	**(10,892,085)**	-
SBA Paycheck Protection Program Loan, forgivable	**-**	337,600
NET CASH (APPLIED TO) PROVIDED FROM FINANCING ACTIVITIES	**(10,892,085)**	337,600
NET (DECREASE) INCREASE IN CASH	**(346,162)**	399,275
CASH AT BEGINNING OF YEAR	**3,339,190**	2,939,915
CASH AT END OF YEAR	**$ 2,993,028**	$ 3,339,190

Notes to Financial Statements

June 30, 2021

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 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.

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" (see Note 11).

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.

Contributions – In June of 2018, the Financial Accounting Standards Board issued 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.

The Seminary adopted the principles of the ASU effective July 1, 2019 on a modified prospective basis. Management made a determination that its existing accounting policies and methods substantially comply with the ASU. Therefore, there were no changes to the Seminary's accounting methods in 2020, and the adoption of ASU 2018-08 had no effect on the Seminary's financial statements as of and for the year ended June 30, 2020.

<u>Accounting Estimates</u> – 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.

<u>Cash and Cash Equivalents</u> – 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.

<u>Revenue Recognition</u> – Effective July 1, 2019, the Seminary adopted FASB Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers", and all subsequent amendments to the ASU (collectively, Accounting Standards Codification (ASC) 606). The new standards are 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 new 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.

The Seminary has determined that there were no significant changes necessary to its existing revenue recognition policies and methods upon adoption of ASC 606. As a result, there was no effect on the Seminary's net assets or changes in net assets as of and for the years ended June 30, 2021 and 2020 from the adoption of this standard. Similarly, under the permitted full retrospective method of adoption, it was also determined that the new standard had no effect on the Seminary's net assets and changes in net assets as previously reported for 2019. To date, the Seminary has not had to significantly change its revenue recognition or make any significant accounting adjustments as a result of adopting this standard. The new revenue standards do 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 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 premises 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.

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

Contribution and Pledges Receivable – Contributions, including unconditional promises to give to the Seminary, are initially recognized at fair value as support 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 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, 2021 and 2020, management determined that no allowance was necessary.

Contributed Services – The Seminary recognizes contributions of services received 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.

Tuition Receivable – Tuition receivable is stated at the 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, 2021 and 2020, 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, which is calculated 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 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 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. Increases or decreases in the estimated fair value of investments are reflected currently in the statement of activities as net realized and unrealized gains (losses) on investments (see Note 4).

Land, Buildings and Equipment – Property 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

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

Land and Buildings Held for Sale – The Seminary had been actively marketing certain properties that it owned in Brighton, Massachusetts which had been canonically transferred to the Seminary in previous years by the Roman Catholic Archbishop of Boston, A Corporation Sole (Corporation Sole). These properties were sold in 2021 and were included in the 2020 statement of financial position as land and buildings held for sale.

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 15).

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 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, 2021 up through December 13, 2021, the date the accompanying financial statements were available to be issued.

Note 2 – Joint Sale of Property 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.

On October 18, 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. 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 9).

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 – Notes 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). 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 Seminary's Theological Institute for the New Evangelization (TINE) leases space for both administrative and classroom activities from Corporation Sole. In lieu of payment, an amount for rent is offset against the note receivable. At June 30, 2021 and 2020, the note receivable balance totaled $34,730,582 and $34,891,078 respectively (see Note 8).

Note 4 – Investments

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

	2021		2020	
	Cost	**Fair Value**	Cost	Fair Value
Common Investment Fund	**$ 21,730,975**	**$ 42,903,405**	$ 21,044,640	$ 33,747,938

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.

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).

Note 5 – Fair Value Measurements (Cont.)

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.

The Seminary's financial assets that are reported at fair value on a recurring basis as of June 30, 2021 and 2020, 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, 2021	**Level 1**	**Level 2**	**Level 3**	**Investments Measured at NAV (a)**	**Total**
Common investment fund	**$ -**	**$ -**	**$ -**	**$ 42,903,405**	**$ 42,903,405**
Beneficial interests in trusts	**-**	**-**	**706,723**	**-**	**706,723**
	$ -	**$ -**	**$ 706,723**	**$ 42,903,405**	**$ 43,610,128**

June 30, 2020	Level 1	Level 2	Level 3	Investments Measured at NAV (a)	Total
Common investment fund	$ -	$ -	$ -	$ 33,747,938	$ 33,747,938
Beneficial interests in trusts	-	-	564,427	-	564,427
	$ -	$ -	$ 564,427	$ 33,747,938	$ 34,312,365

(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, 2021 and 2020, 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, are as follows:

	Beneficial Interests in Trusts 2021	Beneficial Interests in Trusts 2020
Balance, beginning of year	**$ 564,427**	$ 563,824
Change in value of beneficial interest in trusts	**142,296**	603
Balance, at end of year	**$ 706,723**	$ 564,427

Note 5 – Fair Value Measurements (Cont.)

The following table presents quantitative information about significant unobservable inputs used in Level 3 fair value measurements at June 30, 2021:

	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Beneficial interest in perpetual trusts	**$ 706,723**	**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, 2020:

	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Beneficial interest in perpetual trusts	$ 564,427	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 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.

2021	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Trust Investment	**$ 42,903,405**	**None**	**Monthly**	**15 days**

2020	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Trust Investment	$ 33,747,938	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.

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 $5,969,643 and $4,234,096 at June 30, 2021 and 2020, respectively.

The change in the Seminary's interest is reflected in the statement of activities as an increase in net assets of $1,735,547 and $378,059 for the years ended June 30, 2021 and 2020, respectively. The Seminary did not receive any transfers of funds from the Foundation during the year ended June 30, 2021. Transfers of funds from the Foundation totaled $636,755 for the year ended June 30, 2020, and are included in net assets released through satisfaction of restrictions in the statement of activities.

Note 7 – Land, Buildings, Equipment and Disposition of Assets Held for Sale

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

	2021	2020
Land and land improvments	**$ 381,148**	$ 381,148
Buildings and improvments	**23,642,668**	23,642,850
Furniture and equipment	**2,573,044**	2,640,284
Motor vehicles	**22,829**	22,829
Construction project	**5,109,622**	5,109,622
	31,729,311	31,796,733
Less accumulated provision for depreciation	**(14,383,340)**	(13,956,671)
	$ 17,345,971	$ 17,840,062

Depreciation expense totaled $521,409 and $700,569 for the years ended June 30, 2021 and 2020, respectively.

Construction Project – At June 30, 2021, 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.

Sale of Land and Buildings Held for Sale – In fiscal year 2021, the Seminary sold certain parcels of real estate that in an earlier year were designated for sale. Prior to 2019 one parcel had been reclassified by the Seminary to "land and buildings held for sale". In fiscal year 2020 a separate unrelated parcel was reclassified as "land and buildings held for sale". At that time, an adjustment to the carrying value of this property resulted in a loss of approximately $2,940,000 reflected in the statement of activities for the year ended June 30, 2020. In fiscal year 2021 both of these properties were sold for approximately $12 million, resulting in a gain of approximately $3,350,000. Proceeds from the sale were utilized to repay outstanding indebtedness to related organizations (see Note 9)

Note 8 – 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 $226,105 and $251,347 for the years ended June 30, 2021 and 2020, respectively.

Note 8 – Related Party Transactions (Cont.)

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 $124,950 and $114,660 for the years ended June 30, 2021 and 2020, 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 $153,116 and $121,860 for the years ended June 30, 2021 and 2020, 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 were $172,498 and $198,613 for the years ended June 30, 2021 and 2020. The Seminary has also agreed to provide financial assistance to Redemptoris Mater seminarians for tuition and fees in the amounts of $428,092 and $382,215 for the years ended June 30, 2021 and 2020, respectively. This financial assistance is included in financial aid in the accompanying statement of activities.

Due to/from Related Party – Amounts due from Corporation Sole to the Seminary at June 30, 2021 and 2020 were $42,357 and $79,618, respectively.

Rent - The Seminary's Theological Institute for the New Evangelization lease 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 is recorded via a reduction to the note receivable from Corporation Sole (see Note 3).

Note 9 – Notes Payable to Related Organization

During the year ended June 30, 2021, the Seminary made full payment on its outstanding borrowings under the following loan agreements with the RLF of Corporation Sole (a related party), utilizing the proceeds received on the sale of certain land and buildings for approximately $12 million (see Note 7):

$1.5 Million Revolving Line of Credit – In 2015, the Seminary entered into this revolving line of credit agreement with the RLF. The applicable interest rate was 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 (4.25 % at June 30 2020). The credit agreement was 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, was $1,798,789 at June 30, 2020.

$5 million Revolving Line of Credit – In 2016, the Seminary entered into a revolving line of credit agreement with RLF, which was utilized to fund renovation costs. The applicable interest rate was 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 (4.25% at June 30, 2020). The agreement was secured by one of the properties that was ultimately sold in 2021.The total amount outstanding under this credit agreement, including accrued interest, was $3,396,772 at June 30, 2020.

$5 Million Mortgage Loan – In 2016, the Seminary entered into a mortgage loan agreement with the RLF which was utilized to terminate the 2007 lease of a portion of Saint John's Hall to the College (Note 7). The applicable interest rate was 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 (4.25% at June 30, 2020). The total amount outstanding under the credit agreement, including accrued interest, was $5,696,524 at June 30, 2020.

Note 10 – SBA Paycheck Protection Program Loan and Forgiveness

In April of 2020, the Seminary obtained a loan from a financial institution in the amount of $337,600 under the Paycheck Protection Program ("PPP") established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Under the note agreement, the loan's repayment was guaranteed by the Small Business Administration ("SBA"), it accrued interest at 1%, and it was forgivable and payable by the SBA if the Seminary incurred and paid eligible expenses such as payroll and other specified costs as defined in the CARES Act. The Seminary applied for the loan's forgiveness under the terms of the agreement and in April of 2021 it was notified by the SBA that the loan and accrued interest was repaid, and the debt has been forgiven in full. As a result of the forgiveness, the loan amount has been removed as a liability via a credit of $337,600 to non-operating support in the statement of activities and changes in net assets.

Note 11 – Employee Pension Plans

Withdrawal from RCAB Pension Plan – Through June of 2021, the Seminary participated in a multi-employer, noncontributory retirement income plan, the Roman Catholic Archdiocese of Boston (RCAB) Pension Plan (the "Pension Plan"). The plan provides defined benefits to participants upon retirement. Effective December 31, 2011, the Archdiocese of Boston amended the plan to curtail benefit accruals for plan participants. In addition, no additional participants were allowed into the plan. The relative position of the Seminary with regard to the plan's net assets and actuarial present value of accumulated plan benefits had not been distinguished from those of other groups participating in the retirement income plan. At June 30, 2020, the financial statements of the plan reflected approximately $137 million in net assets available for benefits and $162 million in accumulated plan benefits.

In June of 2021, the Seminary executed a withdrawal agreement with the RCAB Pension Plan. As part of the withdrawal agreement all of the Seminary's obligations under the plan were satisfied by the purchase of an annuity. The Seminary was required to make an additional contribution of approximately $275,000 to increase its funding status. The Trustees of the RCAB Pension Plan negotiated the purchase of a single premium guaranteed annuity contract for the Corporation. The written annuity contract is pending and will cover the pension benefits of all of the Seminary's employee-participants under the signed acceptance agreement with the insurance company.

Related pension expense for the years ended June 30, 2021 and 2020 was approximately $345,000 and $69,000, respectively, including the final required contribution of $275,000 in fiscal 2021.

RCAB 401(k) Plan – To replace the curtailed defined benefit pension plan, the Archdiocese of Boston established a 401(k) defined contribution plan on January 1, 2012. The Seminary contributes a matching contribution subject to formulas defined in the plan document. Contributions by the Seminary approximated $32,000 and $22,000 for the years ended June 30, 2021 and 2020, respectively.

Note 12 – Net Assets With Donor Restrictions

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

	2021	2020
Temporary in Nature	**$ 586,035**	$ 308,323
Perpertual in Nature	**35,150,629**	27,385,417
	$ 35,736,664	$ 27,693,740

Note 12 – Net Assets With Donor Restrictions (Cont.)

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

	2021	2020
Restricted for:		
Specific club programs	$ 294,089	$ 174,063
Other	291,946	134,260
	$ 586,035	$ 308,323

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

	2021	2020
Income restricted for:		
Scholarships	$ 24,606,762	$ 19,547,397
Facility maintenance	2,105,127	1,662,445
Operations	1,603,655	1,263,830
Masters of Ministry program	158,719	113,222
Interest in net assets of related foundation (Note 6)	5,969,643	4,234,096
Beneficial interests in perpetual trusts (Note 14)	706,723	564,427
	$ 35,150,629	$ 27,385,417

During the year ended June 30, 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:

	2021	2020
General operations and other	$ 862,714	$ 816,195

Note 13 – Endowments

The Seminary's endowment consists of approximately 300 individual funds established for scholarships, one fund established for facility maintenance and three funds established to support general operations. Its 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

Note 13 – Endowments (Cont.)

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 endowments 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 year ended June 30, 2020, approved distributions from the board designated endowment were approximately $1,200,000. There were no distributions in fiscal year ended June 30, 2021.

Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the "historic dollar value". Deficiencies of this nature are reported by a direct reduction to unrestricted net assets. There were no deficiencies as of June 30, 2021 or 2020.

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.

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, 2021 and 2020 are as follows:

	Board Designated Perpetual	Donor Restricted Perpetual	Total
For the year ended June 30, 2021:			
Donor restricted endowments	**$ -**	**$ 28,474,263**	**$ 28,474,263**
Donor restricted endowments at the foundation	**-**	**5,969,643**	**5,969,643**
Board-designated endowment	**10,756,214**	**-**	**10,756,214**
Endowment net assets at end of year	**$ 10,756,214**	**$ 34,443,906**	**$ 45,200,120**
For the year ended June 30, 2020:			
Donor restricted endowments	$ -	$ 22,586,894	$ 22,586,894
Donor restricted endowments at the foundation		4,234,096	4,234,096
Board-designated endowment	8,480,367	-	8,480,367
Endowment net assets at end of year	$ 8,480,367	$ 26,820,990	$ 35,301,357

Note 13 – Endowments (Cont.)

Changes in endowment net assets for the fiscal years ended June 30, 2021 and 2020 are as follows:

	Board Designated Perpetual	**Donor Restricted Perpetual**	**Total**
For the year ended June 30, 2021:			
Endowment net assets, beginning of year	**$ 8,480,367**	**$ 26,820,990**	**$ 35,301,357**
Investment income, net	**$ 2,652,865**	**$ 6,872,546**	**$ 9,525,411**
Contributions and bequests		**52,041**	**52,041**
Appropriation of endowment assets for expenditure	**(377,018)**	**(1,037,218)**	**(1,414,236)**
			-
Other changes:			**-**
Transfer of net assets from foundation			**-**
Change in interest in net assets of		**-**	**-**
foundation		**1,735,547**	**1,735,547**
Endowment net assets at end of year	**$ 10,756,214**	**$ 34,443,906**	**$ 45,200,120**

	Board Designated Perpetual	Donor Restricted Perpetual	Total
For the year ended June 30, 2020:			
Endowment net assets, beginning of year	$ 9,820,610	$ 26,835,748	$ 36,656,358
Investment income, net	$ 219,914	$ 387,742	$ 607,656
Contributions and bequests		45,369	45,369
Appropriation of endowment assets for	(1,560,157)	(189,173)	(1,749,330)
expenditure			-
			-
Other changes:			-
Transfer of net assets from foundation	-	(636,755)	(636,755)
Change in interest in net assets of			-
foundation		378,059	378,059
			-
Endowment net assets at end of year	$ 8,480,367	$ 26,820,990	$ 35,301,357

Note 14 – Beneficial Interest in Trusts

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

	2021	2020
Beneficial interest in perpetual trusts	**$ 706,723**	$ 564,427

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 charge or credit to the statements of activities. This change resulted in gains of $142,296 and $603 for the years ended June 30, 2021 and 2020, respectively.

Note 15 – 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, 2021, based on bank balances, there was approximately $2,924,000 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 $35 million at June 30, 2021.

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).

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 $5,970,000 at June 30, 2021.

Note 16 – 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 17 – Liquidity

For the years ended June 30, financial assets and liquid resources available for general expenditures are as follows:

	2021	2020
Cash and cash equivalents	**$ 2,993,028**	$ 3,339,190
Tuition receivable, net of allowances	**-**	117,913
Pledges receivable, net of allowances	**261,779**	-
Interest and dividends receivable	**456,828**	298,373
Investments:		
Fiscal year endowments appropriation estimate under spending policy	**1,716,000**	1,350,000
Non-endowment investments	**3,672,928**	2,680,677
Total financial assets and liquidity resources available within one year	**$ 9,100,563**	$ 7,786,153

Note 18 – Uncertainties Surrounding Coronavirus Pandemic

At the time that these financial statements were available to be issued, there still remains uncertainties regarding possible effects from the Covid-19 pandemic such as the unvaccinated population in the state, the country and foreign countries as a whole, the long-term efficacy of vaccinations and booster shots and the current surge of the Delta and other variants of the virus, among other things. As was the case in fiscal 2021, management does not anticipate any significant adverse effects on the operations of the Seminary or its financial position. However, it is uncertain at this time what additional adverse effects the pandemic could have, if any, on U.S. and global economies and financial markets and the extent to which this could potentially affect the Seminary's future support and revenues, operating results and financial position, including the value of its investments.