



**GT REILLY**  
**& COMPANY**  
CPAs and Advisors

Audited Financial Statements

Pope St. John XXIII  
National Seminary, Inc.

June 30, 2024

# Pope St. John XXIII National Seminary, Inc.

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## Audited Financial Statements

June 30, 2024

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## **Independent Auditors' Report**

To the Trustees  
Pope St. John XXIII National Seminary, Inc.

### **Opinion**

We have audited the accompanying financial statements of Pope St. John XXIII National Seminary, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 Pope St. John XXIII National Seminary, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### **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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pope St. John XXIII National Seminary, Inc. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Pope St. John XXIII National Seminary, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

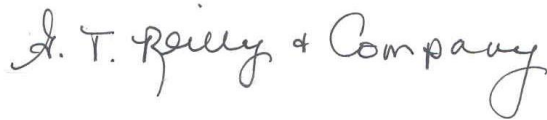
### **Auditors' Responsibilities for the Audit of the Financial Statements**

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 auditors' 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, including omissions, 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 Pope St. John XXIII National Seminary, Inc.'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 Pope St. John XXIII National Seminary, Inc.'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

Milton, Massachusetts  
October 9, 2024

# Pope St. John XXIII National Seminary, Inc.

## Statements of Financial Position

June 30

	<u>2024</u>	<u>2023</u>
<b><u>Assets</u></b>		
Cash	\$ 1,241,138	\$ 154,561
Interest and dividends receivable	45,004	39,726
Accounts receivable	5,398	-
Prepaid expenses	7,054	4,914
Investments at fair value (Notes 2 & 3)	4,549,356	4,104,958
Interest in net assets of a foundation (Note 4)	1,109,072	961,118
Property and equipment, net (Note 5)	<u>8,255,213</u>	<u>8,484,519</u>
 TOTAL ASSETS	 <u>\$ 15,212,235</u>	 <u>\$ 13,749,796</u>
<b><u>Liabilities and Net Assets</u></b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 223,995	\$ 233,934
Deferred revenue	34,827	48,800
Note payable (Note 6)	72,189	-
Line of credit with Archdiocese (Note 7)	<u>200,000</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>531,011</u>	 <u>282,734</u>
Net Assets (Notes 10 & 11):		
Without donor restrictions:		
Board designated for capital improvements	14,779	13,561
Board designated quasi-endowments	14,753	12,402
Undesignated	<u>8,356,661</u>	<u>7,742,373</u>
	<u>8,386,193</u>	<u>7,768,336</u>
 With donor restrictions	 <u>6,295,031</u>	 <u>5,698,726</u>
	<u>14,681,224</u>	<u>13,467,062</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 15,212,235</u>	 <u>\$ 13,749,796</u>

## Pope St. John XXIII National Seminary, Inc.

### Statements of Activities and Changes in Net Assets

Year Ended June 30

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>						
Tuition, net	\$ 1,590,900	\$ -	\$ 1,590,900	\$ 1,742,000	\$ -	\$ 1,742,000
Fundraising - special events	523,862	-	523,862	477,996	-	477,996
Contributions and grants	1,661,021	35,000	1,696,021	755,991	-	755,991
Miscellaneous income	16,314	-	16,314	4,785	-	4,785
Contributed services (Note 10)	211,894	-	211,894	234,741	-	234,741
Net assets released from restrictions through satisfaction of use restrictions (Note 10)	128,723	(128,723)	-	186,905	(186,905)	-
<b>TOTAL REVENUES AND SUPPORT</b>	<b>4,132,714</b>	<b>(93,723)</b>	<b>4,038,991</b>	<b>3,402,418</b>	<b>(186,905)</b>	<b>3,215,513</b>
<b>EXPENSES</b>						
Program	1,660,410	-	1,660,410	1,756,187	-	1,756,187
General and administrative	1,329,283	-	1,329,283	1,464,553	-	1,464,553
Fundraising and development	542,599	-	542,599	538,843	-	538,843
<b>TOTAL EXPENSES</b>	<b>3,532,292</b>	<b>-</b>	<b>3,532,292</b>	<b>3,759,583</b>	<b>-</b>	<b>3,759,583</b>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<b>600,422</b>	<b>(93,723)</b>	<b>506,699</b>	<b>(357,165)</b>	<b>(186,905)</b>	<b>(544,070)</b>
<b>NON-OPERATING ACTIVITIES</b>						
Investment interest and dividends	1,275	167,568	168,843	1,010	151,636	152,646
Net realized and unrealized gains on investments (Note 2)	16,160	374,506	390,666	2,280	219,738	222,018
Interest in change in net assets of a foundation (Note 4)	-	147,954	147,954	-	81,208	81,208
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<b>17,435</b>	<b>690,028</b>	<b>707,463</b>	<b>3,290</b>	<b>452,582</b>	<b>455,872</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>617,857</b>	<b>596,305</b>	<b>1,214,162</b>	<b>(353,875)</b>	<b>265,677</b>	<b>(88,198)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>7,768,336</b>	<b>5,698,726</b>	<b>13,467,062</b>	<b>8,122,211</b>	<b>5,433,049</b>	<b>13,555,260</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 8,386,193</b>	<b>\$ 6,295,031</b>	<b>\$ 14,681,224</b>	<b>\$ 7,768,336</b>	<b>\$ 5,698,726</b>	<b>\$ 13,467,062</b>

## Pope St. John XXIII National Seminary, Inc.

### Statements of Functional Expenses

Year Ended June 30

	2024				2023			
	Program Services	General and Administrative	Fundraising and Development	Total	Program Services	General and Administrative	Fundraising and Development	Total
Salaries and benefits	\$ 741,794	\$ 978,834	\$ 286,468	\$ 2,007,096	\$ 848,961	\$ 1,049,332	\$ 302,226	\$ 2,200,519
Contract services	32,039	32,588	-	64,627	4,849	78,234	-	83,083
Professional services	-	29,920	-	29,920	-	30,807	-	30,807
Travel and entertainment	14,366	40,055	411	54,832	29,837	54,340	3,107	87,284
Utilities	214,902	40,294	13,431	268,627	224,270	42,051	14,017	280,338
Technology	262	23,958	4,454	28,674	703	3,917	8,386	13,006
Property maintenance	166,240	31,170	10,390	207,800	131,130	24,587	8,196	163,913
Interest expense and service fees	157	12,485	7,286	19,928	-	17,186	510	17,696
Office	341	30,698	902	31,941	14,247	23,374	2,347	39,968
Depreciation	271,929	50,987	16,996	339,912	279,642	52,433	17,478	349,553
Publicity	-	-	55,551	55,551	-	-	55,978	55,978
Library	29,622	4,912	9,488	44,022	40,782	6,423	-	47,205
Kitchen	156,768	29,394	9,798	195,960	149,496	28,031	9,344	186,871
Fundraising events and activities	-	-	124,463	124,463	-	-	117,254	117,254
Student assistance	5,540	-	-	5,540	18,441	-	-	18,441
Operational supplies	16,518	22,878	2,851	42,247	9,449	50,104	-	59,553
Other	9,932	1,110	110	11,152	4,380	3,734	-	8,114
	<b>\$ 1,660,410</b>	<b>\$ 1,329,283</b>	<b>\$ 542,599</b>	<b>\$ 3,532,292</b>	<b>\$ 1,756,187</b>	<b>\$ 1,464,553</b>	<b>\$ 538,843</b>	<b>\$ 3,759,583</b>

## Pope St. John XXIII National Seminary, Inc.

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### Statements of Cash Flows

For the Year Ended June 30

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 1,214,162	\$ (88,198)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	339,912	349,553
Donation of investments	(43,732)	(945)
Net realized and unrealized gains on investments	(390,666)	(222,018)
Interest in change in net assets of a foundation	(147,954)	(81,208)
Changes in operating assets and liabilities:		
Promises to give, net	-	32,803
Interest and dividends receivable	(5,278)	4,928
Prepaid expenses	(2,140)	2,233
Accounts receivable	(5,398)	7,989
Accounts payable and accrued expenses	(9,939)	119,458
Deferred revenue	(13,973)	48,800
NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>934,994</u>	<u>181,075</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(110,606)	(176,030)
Purchases of investments, net of redemptions	<u>(10,000)</u>	<u>(119,227)</u>
NET CASH APPLIED TO INVESTING ACTIVITIES	<u>(120,606)</u>	<u>(295,257)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Credit line borrowings, net of repayments	200,000	-
Proceeds of note payable for equipment	78,205	-
Repayments on note payable	<u>(6,016)</u>	<u>-</u>
NET CASH PROVIDED FROM FINANCING ACTIVITIES	<u>272,189</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	1,086,577	(114,182)
CASH AT BEGINNING OF YEAR	<u>154,561</u>	<u>268,743</u>
CASH AT END OF YEAR	<u>\$ 1,241,138</u>	<u>\$ 154,561</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest paid	<u>\$ 4,245</u>	<u>\$ -</u>



# Pope St. John XXIII National Seminary, Inc.

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## Notes to Financial Statements

June 30, 2024

### Note 1 – Principal Activity and Summary of Significant Accounting Policies

Principal Activity – The Seminary is a Roman Catholic, professional and graduate theological school dedicated primarily to the intellectual, cultural and spiritual preparation of second-career seminarians for the priesthood.

Financial Statement Presentation – As a not-for-profit organization, the Seminary presents in its statement of financial position and its statement of activities 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 have been designated by the Board for capital improvements as well as for amounts quasi-endowed to provide a permanent source of income as presented in Note 11.

*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 10).

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.

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. Estimates are involved in the determination of the fair values of the Seminary's investments (see Note 2).

Revenue Recognition – The Seminary recognizes revenue in accordance with FASB Accounting Standards Codification (ASC) Topic 606, "Revenue from Contracts with Customers". The 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 standards, among other things, revenue is recognized either at a point in time (when), or over time (as), a performance obligation is satisfied.

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

The 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 revenues from contracts with customers and related methods of recognition are summarized as follows:

*Tuition Revenue* – The Seminary recognizes revenue from student tuition and fees during the 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.

*Fundraising - Special Events* – The Seminary recognizes revenue from fundraising-special events once the event has taken place.

Contributions – The Seminary recognizes contributions in accordance with the Financial Accounting Standards Board's 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.

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. Such is the case where a student's tuition is paid by the Archdiocese of Boston (Note 7). 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.

Conditional Grants and Contributions – Contributions, grants or other support that are conditional are not recognized in the statement of activities until they become unconditional, that is, at the time when the donor or grantor-imposed conditions on which they depend are substantially met or barriers are overcome. Funds received in advance of satisfying the conditions are reported as liabilities.

Promises to Give – Unconditional promises to give cash or other assets to the Seminary are recorded as assets receivable when the pledges are made and documented. Conditional promises to give are recorded only when the specified conditions are substantially met. Unconditional promises to give over a period of years are recorded at the present value of their estimated future cash flows. Amortization of such discounts is included in support. Unless otherwise indicated by the donor, a time restriction is generally implied in any promise to give with payments due in future fiscal years, whereby the time restrictions are released in the years the payments are due. Recorded promises to give to the Seminary are reported in the statement of financial position net of an estimated allowance for uncollectable amounts. The allowance is recorded via a provision charged against support. On a periodic basis, management evaluates the promises to give to the Seminary and establishes or adjusts the allowance to an amount that it believes will be adequate to absorb possible losses on promises that may become uncollectible, based on evaluations of the individual pledges. Recorded amounts are written off and charged against the allowance or against support when management believes that the collectability of the specific pledge is unlikely.

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

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 (see Note 9).

Cash – 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.

Investments – The Seminary reports investments in marketable securities and pooled funds at their estimated fair values. Increases or decreases in the fair value of investments are reflected currently in the statement of activities and reported with any realized gains or losses on the sale or redemption of investments (see Notes 2 & 3).

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 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 4)

Property and Equipment – Property and equipment are stated at cost less accumulated provisions for depreciation. Property contributed by the Roman Catholic Archdiocese of Boston in 1997 is stated at the net book value on the records of the Archdiocese at the time of the contribution. Maintenance and repairs are expensed as incurred, whereas major additions and purchases are capitalized. (See Note 5)

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

	<u>Estimated Useful Lives</u>
Building and building improvements	15 - 50 years
Furniture and equipment	5 years
Motor vehicles	5 years

Functional Allocation of Expenses – The costs and expenses of the Seminary have been summarized and presented in the statement of activities by function: program, general and administrative, and fundraising and development. 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. Included in costs and expenses that are allocated are occupancy related costs.

Income Tax Status – The Seminary is included in the United States Catholic Conference Group Ruling and in the Official Catholic Directory and is therefore exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in these financial statements (see Note 13).

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, 2024 up through October 9, 2024, the date the accompanying financial statements were available to be issued.

## Note 2 – Investments

Investments consist of the following at June 30:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Fair Value/ Carrying Value</u>	<u>Cost</u>	<u>Fair Value/ Carrying Value</u>
Common Investment Fund, Roman Catholic Archbishop of Boston	\$ 3,491,846	\$ 4,491,756	\$ 3,481,846	\$ 4,103,681
Common Stocks	44,709	57,600	977	1,277
	<u>\$ 3,536,555</u>	<u>\$ 4,549,356</u>	<u>\$ 3,482,823</u>	<u>\$ 4,104,958</u>

The majority of the Seminary's investments represent 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. Dividend income from the Seminary's investments approximated \$169,000 and \$152,000 for the years ended June 30, 2024 and 2023, respectively.

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 make-up of the Investment Partnership's investments at June 30, 2023, the most recent information available, was: 38% domestic common stocks, 23% fixed-income securities, 26% private investments and 13% mutual funds and other investments.

The Seminary's investments (including investments bought, sold, and held during the year) appreciated (depreciated) in value as follows during the years ended June 30:

	<u>2024</u>	<u>2023</u>
Common Investment Fund, Roman Catholic Archbishop of Boston	\$ 378,075	\$ 221,992
Common Stocks	<u>12,591</u>	<u>26</u>
	<u>\$ 390,666</u>	<u>\$ 222,018</u>

Risks and Uncertainties – The Seminary's investments in the Common Investment Fund and common stock are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with these 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 3 – Fair Value Measurements

The Seminary measures the fair values of certain assets and liabilities at an estimated 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 according to valuation inputs as follows: 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 3 – 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 accounted for at fair value on a recurring basis as of June 30, 2024 and 2023, by input level within the fair value hierarchy, are presented in the table below.

	Level 1	Level 2	Level 3	Total
<b><u>June 30, 2024</u></b>				
<b>Common Stock</b>	<b>\$ 57,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,600</b>
<b>Units of Common Investment Fund, measured at net asset value</b>				<b><u>4,491,756</u></b>
<b>Total investments at fair value</b>				<b><u>\$ 4,549,356</u></b>
 <b><u>June 30, 2023</u></b>				
Common Stock	\$ 1,277	\$ -	\$ -	\$ 1,277
Units of Common Investment Fund, measured at net asset value				<u>4,103,681</u>
Total investments at fair value				<u>\$ 4,104,958</u>

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The methods used for valuing the assets and liabilities are not necessarily an indication of the risks associated with those assets.

A summary of the methods used to estimate the fair value of investments is as follows:

*Unit Values in the Common Investment Fund (CIF)* – This investment does not have quoted prices in active markets, or significant other observable inputs that have quoted market prices, although the Seminary can redeem its investment at the net asset value per share. The Seminary estimates the net asset value of its unit holdings in the CIF based on the Seminary's share of the value of the underlying net assets of the investment portfolio that consists of actively-traded equities, bonds and money market funds.

*Common Stock* – These investments are valued at the closing price reported on the active market on which individual securities are traded, Level 1 inputs of the valuation hierarchy.

### Note 4 – Interest in the Catholic Community Fund of the Archdiocese of Boston, Inc. ("Foundation")

The Seminary is the beneficiary of restricted donations collected on its behalf by the Foundation, a related party. As discussed in Note 1, "Accounting for Assets Held by Others", the Seminary has recorded as an asset its interest in the Foundation's net assets, approximately \$1,109,000 at June 30, 2024 (\$961,000 at June 30, 2023). The change in the Seminary's interest is reflected in the statement of activities as an increase in net assets of approximately \$148,000 in 2024 (approximately \$81,000 in 2023). There were no transfers of funds from the Foundation to the Seminary during the years ended June 30, 2024 and 2023. The Seminary's interest in the Foundation consists of the following net assets:

	<u>2024</u>	<u>2023</u>
Temporarily restricted	\$ 184,907	\$ 36,953
Permanently restricted	<u>924,165</u>	<u>924,165</u>
	<u>\$ 1,109,072</u>	<u>\$ 961,118</u>

## Note 5 – Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	116,140	116,140
Land development	44,993	44,053
Building	4,909,692	4,909,692
Building improvements	5,998,304	5,987,589
Furniture and equipment	<u>2,257,842</u>	<u>2,158,892</u>
	13,326,971	13,216,366
Less accumulated provision for depreciation	<u>5,071,758</u>	<u>4,731,847</u>
	<u>\$ 8,255,213</u>	<u>\$ 8,484,519</u>

Depreciation expense totaled \$339,912 and \$349,553 for the years ended June 30, 2024 and 2023, respectively.

## Note 6 – Note Payable

in January of 2024, the Seminary entered into a promissory note for \$78,205 to facilitate the purchase of equipment. Under the terms of the agreement, the Seminary is making monthly principal and interest payments of \$1,418. The note matures on February 16, 2029 and carries an interest rate of 3.377%.

Annual principal maturities on the note approximate the following:

<u>Year Ending June 30</u>	
2025	\$ 14,775
2026	15,276
2027	15,796
2028	16,338
2029	<u>10,004</u>
	<u>\$ 72,189</u>

## Note 7 – Related Party Transactions

Tuition Revenue – The Seminary received \$333,000 in 2024 (\$287,000 in 2023) from the Archdiocese of Boston, representing and reported as tuition for registered Boston students.

Insurance – During the years ended June 30, 2024 and 2023, the Seminary was charged \$320,713 and \$324,177, respectively, for health, life, disability, and property insurance administered by the Roman Catholic Archdiocese of Boston, A Corporation Sole.

Contributions – During the years ended June 30, 2024 and 2023, the Seminary received approximately \$128,000 and \$115,000, respectively, in contributions from several members of its Board of Trustees. The Seminary also received approximately \$146,000 as a contribution from the Archdiocese of Boston during the year ended June 30, 2024.

## Note 7 – Related Party Transactions (Cont.)

Line of Credit – In June of 2022, the Seminary obtained a \$400,000 line of credit agreement with the Archdiocese of Boston with an applicable interest rate of 4.5% per annum, subject to change by the lender. In June of 2023, the agreement was amended and restated to increase the line to \$500,000 with the same applicable interest rate of 4.5% per annum, subject to change by the lender. The agreement is in effect until June 30, 2027. The outstanding borrowings at June 30, 2024 are \$200,000. There were no outstanding borrowings at June 30, 2024.

## Note 8 – Employee Pension Plan

The Seminary participates in the Archdiocese of Boston 401(k) defined contribution plan. The Seminary contributes a matching contribution subject to formulas defined in the plan document. Contributions by the Seminary approximated \$32,000 and \$35,000 for the years ended June 30, 2024 and 2023, respectively. Each eligible employee may defer up to 100% of compensation subject to limits on the maximum amount allowed by law.

## Note 9 – Contributed Services

For the years ended June 30, 2024 and 2023, the Seminary recorded contributions in the amount of \$211,894 and \$234,741, respectively, for services performed by religious personnel who serve as faculty. These amounts represent the differences between the actual compensation paid, and the estimated compensation that would be paid to laypersons performing the same services (see Note 1).

## Note 10– Net Assets With Donor Restrictions

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

	<u>2024</u>	<u>2023</u>
Temporary in Nature	\$ 1,550,750	\$ 954,445
Perpetual in Nature	<u>4,744,281</u>	<u>4,744,281</u>
	<u>\$ 6,295,031</u>	<u>\$ 5,698,726</u>

## Note 10– Net Assets With Donor Restrictions (Cont.)

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

	<u>2024</u>	<u>2023</u>
Restricted for:		
Student scholarships	\$ 115,046	\$ 66,729
Accent Reduction Program	700	5,950
Adoration Chapel	25,000	25,000
Exercise facilities	3,191	10,000
Operations	5,645	4,671
Needy students	21,345	19,744
Theology Chair	4,038	3,572
Catholic Community	184,907	36,953
Pre-theology program	75,494	36,444
Academic Dean Faculty Chair	11,614	10,288
Pastoral ministry	9,312	8,240
Critical financial needs	15,000	15,000
Student Needs	18,840	18,840
Organ music program	1,848	8,750
Foreign Ministry Scholarships	60,000	60,000
	<u>551,980</u>	<u>330,181</u>
Net unrealized gains on investments related to restricted endowment net assets (see Note 11)	<u>998,770</u>	<u>624,264</u>
	<u>\$ 1,550,750</u>	<u>\$ 954,445</u>

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

	<u>2024</u>	<u>2023</u>
Income restricted for:		
Student scholarships	\$ 236,321	\$ 236,321
Academic Dean Faculty Chair	1,000,000	1,000,000
Rector fund for needy students	35,000	35,000
Theology Chair	346,961	346,961
Pastoral Ministry	800,000	800,000
Pre-Theology Program	894,512	894,512
Operations	489,138	489,138
Promise for Tomorrow case statement	18,183	18,183
Interest in endowment net assets of a foundation (Note 4)	<u>924,166</u>	<u>924,166</u>
	<u>\$ 4,744,281</u>	<u>\$ 4,744,281</u>



## Note 10– Net Assets With Donor Restrictions (Cont.)

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

	<u>2024</u>	<u>2023</u>
Organ music program	\$ 6,902	\$ 600
Accent reduction	5,250	7,900
Operations	19,000	90,562
Theology Chair	14,675	-
Pre-theology Chair	-	14,200
Academic Dean Faculty Chair	42,243	40,895
Pastoral ministry	33,844	32,748
Exercise Equipment	6,809	-
	<u>\$ 128,723</u>	<u>\$ 186,905</u>

## Note 11 – Endowments and Quasi-Endowments

The Seminary’s endowments consist of various funds established for the support of various activities. As required by accounting principles generally accepted in the United States, 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 fund that is not considered restricted in perpetuity and is regarded as “net appreciation”, is considered temporarily restricted net assets until those amounts are appropriated for expenditure by the Seminary.

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the “historic dollar value”. Deficiencies of this nature are reported in restricted net assets. There were no significant deficiencies at June 30, 2024 or 2023.

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 and Quasi-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). From the time when the Seminary was organized, the Seminary has invested its endowment investment portfolio in the Common Investment Fund which, in turn, invests in the Investment Partnership (see Note 2). The Investment Committee of Corporation Sole is responsible for selecting the investment managers of the Investment Partnership. The Investment Committee’s investment rationale is to include an array of different strategy investment managers for the Investment Partnership’s portfolio to reduce overall volatility while providing investment returns above industry benchmarks.

Changes in Endowment Net Assets - Endowment net assets and changes therein as of and for the years ended June 30 are as follows:

	Unrestricted Designated Quasi-Endowment	With Donor Restrictions		Total
	Temporary in Nature	Perpetual in Nature		
<b><u>For the year ended June 30, 2024:</u></b>				
Endowment net assets at beginning of year	\$ 12,402	\$ 810,904	\$ 4,744,281	\$5,555,185
Interest in change in net assets of a foundation	-	147,954	-	147,954
Interest and dividends	-	167,568	-	167,568
Realized and unrealized gains on investments	2,351	374,506	-	374,506
Appropriation of endowment assets for expenditure	-	(109,763)	-	(109,763)
<b>Endowment net assets at end of year</b>	<b><u>\$ 14,753</u></b>	<b><u>\$ 1,391,169</u></b>	<b><u>\$ 4,744,281</u></b>	<b><u>\$6,135,450</u></b>
	Designated Quasi-Endowment	Temporary in Nature	Perpetual in Nature	Total
<b><u>For the year ended June 30, 2023:</u></b>				
Endowment net assets at beginning of year	\$ 10,524	\$ 536,728	\$ 4,744,281	\$5,281,009
Interest in change in net assets of a foundation	-	81,208	-	81,208
Interest and dividends	337	151,636	-	151,636
Realized and unrealized gains on investments	1,541	219,738	-	219,738
Appropriation of endowment assets for expenditure	-	(178,406)	-	(178,406)
<b>Endowment net assets at end of year</b>	<b><u>\$ 12,402</u></b>	<b><u>\$ 810,904</u></b>	<b><u>\$ 4,744,281</u></b>	<b><u>\$5,555,185</u></b>

Donor restricted endowment net assets presented in the schedule above as “temporary in nature” include net unrealized gains on investments in the amount of \$998,770 at June 30, 2024 that are related to donor restricted endowment net assets as also reflected in Note 10 (\$624,264 at June 30, 2023).

## Note 12 – Financial Instruments, Credit Risk and Concentrations

Financial Instruments - The Seminary's financial instruments that potentially subject it to concentrations of credit risk consist of cash, investments, and a beneficial interest in the net assets of a foundation. A summary of financial instrument and other concentrations follows.

Cash - The Seminary maintains its 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, 2024, based on bank balances, there was cash deposits of \$1,005,000 in excess of FDIC insurance limits.

## Note 12 – Financial Instruments, Credit Risk and Concentrations (Cont.)

*Investments* – The value of the Seminary’s investments at June 30, 2024, approximately \$4.5 million, represents approximately 30% of its total assets. As more fully discussed in Note 2, substantially all of the Seminary’s investments consist of Common Investment Funds administered by the Roman Catholic Archdiocese of Boston (RCAB).

*Beneficial Interest in Foundation* - As more fully discussed in Note 4, the Seminary's beneficial interest in the net assets of the Catholic Community Fund approximated \$1,109,000 at June 30, 2024.

Concentrations of Support – In the year ended June 30, 2024, the Seminary received a \$1 million unrestricted cash bequest from an estate.

## Note 13 – 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 14 – Liquidity and Sufficiency of Net Assets

A comparison of the Seminary’s financial assets and available resources to its donor restricted net assets is as follows:

	<u>2024</u>	<u>2023</u>
Financial assets	\$ 5,840,896	\$4,299,000
Other resources: Line of credit (Note 7)	<u>300,000</u>	<u>500,000</u>
Total financial assets and resources	<u>6,140,896</u>	<u>4,799,000</u>
Donor restricted net assets	6,295,031	5,698,726
Less interest in restricted net assets of the Catholic Community Fund	<u>(1,109,072)</u>	<u>(961,000)</u>
Net donor restricted	<u>5,185,959</u>	<u>4,737,726</u>
Total financial assets and liquidity resources available within one year for general expenditures	<u>\$ 954,937</u>	<u>\$ 61,274</u>

During the year ended June 30, 2024 the Seminary received significant support (see Note 12), which eliminated its insufficiency of financial assets in prior years in relation to its donor restricted net assets.

The Seminary's cash flows have seasonal variations due to the nature and timing of tuition billings and various development events for fundraising. Most of the Seminary’s cash inflow is received at the beginning of the school year, subsequent to its fiscal year-end. Management anticipates that the Seminary’s tuition revenues and support for the next fiscal year will be sufficient to meet the majority of its general expenditures and the Seminary does have the availability of the remaining \$300,000 of the \$500,000 line of credit with the Archdiocese of Boston.

Management continues to focus on 1) improvements to the Seminary’s institutional advancement program to increase contributions, 2) improvements to its recruiting process to increase enrollment, and 3) the feasibility of generating additional revenue sources such as from the leasing of available grounds to a third party.