St. John's Seminary

Financial Statements

Years Ended June 30, 2015 and 2014

St. John's Seminary

FINANCIAL STATEMENTS

Years Ended June 30, 2015 and 2014

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RSM

Independent Auditor's Report

RSM US LLP

To the Trustees
St. John's Seminary
Brighton, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of St. John's Seminary which comprise the financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. John's Seminary as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Boston, Massachusetts
December 21, 2015

St. John's Seminary

Statements of Financial Position
June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	**$ 1,452,552**	$ 1,709,950
Investment redemption receivable	**-**	1,200,000
Tuition receivable, net of allowances	**42,515**	25,191
Pledges receivable, net of allowances	**10,620**	156,137
Interest and dividends receivable	**452,074**	459,147
Prepaid expenses and other assets	**112,142**	32,439
Land and building held for sale	**-**	237,500
Notes receivable, related organization	**36,408,400**	36,408,400
Investments, at fair value	**44,843,363**	45,527,830
Interest in the net assets of related foundation	**2,237,463**	2,297,262
Beneficial interest in trusts	**516,067**	527,924
Land, buildings and equipment, net	**23,295,798**	23,442,812
Total assets	**$ 109,370,994**	$ 112,024,592
LIABILITIES AND NET ASSETS		
Liabilities:		
Line of credit	**$ 801,549**	$ -
Accounts payable and accrued expenses	**955,601**	1,316,095
Due to related organization	**382,519**	333,910
Deferred revenue	**26,018**	12,034
	2,165,687	1,662,039
Net assets:		
Unrestricted, including board designated	**83,356,222**	85,602,010
Temporarily restricted	**10,729,442**	11,739,115
Permanently restricted	**13,119,643**	13,021,428
	107,205,307	110,362,553
Total liabilities and net assets	**$ 109,370,994**	$ 112,024,592

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

St. John's Seminary

Statement of Activities
Year Ended June 30, 2015
(with Summarized Financial Information for the Year Ended June 30, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Total 2014
Revenues, gains and support:					
Tuition, fees, room and board	$ 3,409,097	$ -	$ -	$ 3,409,097	$ 3,182,041
Less - financial aid	(1,353,346)	-	-	(1,353,346)	(1,506,390)
Net tuition, fees, room and board	2,055,751	-	-	2,055,751	1,675,651
Parish collections - Pentecost	251,130	-	-	251,130	179,929
Contributions, grants and bequests	150,920	165,889	-	316,809	531,933
Matching gifts	86,391	-	-	86,391	172,545
Contributed facilities	-	-	-	-	122,884
Other revenues	166,224	-	-	166,224	182,582
Change in interest in net assets of related foundation	-	27,217	1,815	29,032	280,807
Investment income	977,560	826,537	1,429	1,805,526	1,811,718
Net assets released through satisfaction of restrictions	1,512,264	(1,512,264)	-	-	-
Total revenues, gains and support	5,200,240	(492,621)	3,244	4,710,863	4,958,049
Expenses:					
School of Theology	4,723,647	-	-	4,723,647	4,957,303
School of Masters in Ministry	867,475	-	-	867,475	884,704
Redemptoris Mater	235,000	-	-	235,000	235,000
Management and general	807,361	-	-	807,361	817,066
Fundraising	330,082	-	-	330,082	260,662
Total expenses	6,963,565	-	-	6,963,565	7,154,735
Operating (loss) income	(1,763,325)	(492,621)	3,244	(2,252,702)	(2,196,686)
Nonoperating items:					
Contributions and bequests	-	9,195	106,828	116,023	863,405
Net realized and unrealized (losses) gains on investments	(522,221)	(449,714)	-	(971,935)	4,214,989
Insurance recoveries	-	-	-	-	89,194
Change in value of beneficial interest in trusts	-	-	(11,857)	(11,857)	56,505
Release from restriction - building and equipment	76,533	(76,533)	-	-	-
Loss on disposal of equipment	(32,599)	-	-	(32,599)	-
Loss on on land and buildings held for sale	(4,176)	-	-	(4,176)	(39,513)
Nonoperating income	(482,463)	(517,052)	94,971	(904,544)	5,184,580
Change in net assets	(2,245,788)	(1,009,673)	98,215	(3,157,246)	2,987,894
Net assets at beginning of year	85,602,010	11,739,115	13,021,428	110,362,553	107,374,659
Net assets at end of year	$ 83,356,222	$ 10,729,442	$ 13,119,643	$ 107,205,307	$ 110,362,553

St. John's Seminary

Statement of Activities

Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and support:				
Tuition, fees, room and board	$ 3,182,041	$ -	$ -	$ 3,182,041
Less - financial aid	(1,506,390)	-	-	(1,506,390)
Net tuition, fees, room and board	1,675,651	-	-	1,675,651
Parish collections - Pentecost	179,929	-	-	179,929
Contributions, grants and bequests	273,724	258,209	-	531,933
Matching gifts	172,545	-	-	172,545
Contributed facilities	122,884	-	-	122,884
Other revenues	182,582	-	-	182,582
Change in interest in net assets of related foundation	-	279,875	932	280,807
Investment income	1,007,811	803,907	-	1,811,718
Net assets released through satisfaction of restrictions	1,763,428	(1,763,428)	-	-
Total revenues, gains and support	5,378,554	(421,437)	932	4,958,049
Expenses:				
School of Theology	4,957,303	-	-	4,957,303
School of Masters in Ministry	884,704	-	-	884,704
Redemptoris Mater	235,000	-	-	235,000
Management and general	817,066	-	-	817,066
Fundraising	260,662	-	-	260,662
Total expenses	7,154,735	-	-	7,154,735
Operating (loss) income	(1,776,181)	(421,437)	932	(2,196,686)
Nonoperating items:				
Contributions and bequests	-	269,575	593,830	863,405
Net realized and unrealized gains on investments	2,318,266	1,893,716	3,007	4,214,989
Insurance recoveries	89,194	-	-	89,194
Change in value of beneficial interest in trusts	-	-	56,505	56,505
Release from restriction - building and equipment	341,614	(341,614)	-	-
Loss on on land and buildings held for sale	(39,513)	-	-	(39,513)
Nonoperating income	2,709,561	1,821,677	653,342	5,184,580
Change in net assets	933,380	1,400,240	654,274	2,987,894
Net assets at beginning of year	84,668,630	10,338,875	12,367,154	107,374,659
Net assets at end of year	$ 85,602,010	$ 11,739,115	$ 13,021,428	$ 110,362,553

St. John's Seminary

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	$ **(3,157,246)**	$ 2,987,894
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities:		
Net realized and unrealized gains on investments	**971,935**	(4,214,989)
Contribution of beneficial interest in trusts	**-**	(471,419)
Change in value of beneficial interest in trusts	**11,857**	(56,505)
Property related insurance recoveries	**-**	(30,335)
Loss on land and building held for sale	**4,176**	39,513
Loss on disposal of equipment	**32,599**	-
Bad debts	**12,201**	101,806
Depreciation	**739,723**	693,071
Change in interest in net assets of related foundation	**(29,032)**	(280,807)
Contributions restricted for long-term investment	**(106,828)**	(122,411)
Changes in operating assets and liabilities:		
Interest and dividends receivable	**7,073**	(10,401)
Due to related party	**48,609**	(19,876)
Prepaid expenses and other assets	**(79,703)**	(29,698)
Tuition receivable, net of allowances	**(29,525)**	(8,178)
Pledges receivable	**145,517**	(78,786)
Deferred revenue and support	**13,984**	12,034
Accounts payable and accrued expenses	**(360,494)**	499,779
Net cash and cash equivalents used in operating activities	**(1,775,154)**	(989,308)
Cash flows from investing activities:		
Purchase of land, buildings and equipment	**(632,605)**	(1,376,374)
Proceeds from sale of land and building held for sale	**233,324**	-
Proceeds from sale of equipment	**7,297**	
Purchase of investments	**(287,468)**	(106,621)
Proceeds from sale/redemptions of investments	**1,200,000**	1,700,000
Property related insurance recoveries	**-**	30,335
Transfer of assets from related foundation	**88,831**	85,803
Net cash and cash equivalents provided by investing activities	**609,379**	333,143
Cash flows from financing activities:		
Net Borrowings on line of credit	**801,549**	-
Proceeds from restricted contributions	**106,828**	122,411
Net cash and cash equivalents provided by financing activities	**908,377**	122,411
Net decrease in cash and cash equivalents	**(257,398)**	(533,754)
Cash and cash equivalents at beginning of year	**1,709,950**	2,243,704
Cash and cash equivalents at end of year	$ **1,452,552**	$ 1,709,950
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ **-**	$ -
Noncash investing activities:		
Transfer of property in settlement of note receivable	$ **-**	$ 3,220,000
Investment redemption receivable	$ **-**	$ 1,200,000

St. John's Seminary
Notes to Financial Statements
Years Ended June 30, 2015 and 2014

1. PRINCIPAL ACTIVITY

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of the Seminary have been prepared on the accrual basis of accounting.

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

Unrestricted Net Assets

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

Temporarily Restricted Net Assets

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

Permanently Restricted Net Assets

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

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

St. John's Seminary
Notes to Financial Statements
Years Ended June 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Financial Statement Presentation…continued

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

Cash and Cash Equivalents

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

Tuition Receivable

Tuition receivable is stated at the net amount outstanding, less an allowance for doubtful accounts. The allowances are established through a charge to bad debt expense in the statement of activities for balances that have been deemed uncollectible. On a periodic basis, management evaluates its receivables and establishes or adjusts its allowances to amounts that it believes will be adequate to absorb possible losses on accounts that may become uncollectible based on evaluations of the collectability of individual accounts, the Seminary's history of prior loss experience, and on the current economic conditions. Accounts are charged against the allowances when management believes that the collectability of the specific account is unlikely. At June 30, 2015 and 2014 there is an allowance for doubtful accounts of $2,925 and $3,505 related to tuition receivables.

Pledges Receivable

Contributions, including unconditional promises to give, are initially recognized at fair value as either restricted or unrestricted support in the period received. Conditional promises to give and indications of intentions to give are not recognized until the conditions they depend on are substantially met. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as contribution revenue. Allowance is made for uncollectible contributions based upon past experience and other relevant factors. As of June 30, 2015 and 2014 the allowance for doubtful accounts related to pledge receivables is $1,180 and $13,893, respectively, and all pledges are expected to be collected during fiscal year 2016.

Notes Receivable Related Organization

Notes receivable are stated at the amount of unpaid principal less an allowance for credit losses.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Notes Receivable Related Organization…continued

For those loans that are separately evaluated for collectability, when management determines that it is probable that principal and interest on those loans will not be collected according to their contractual terms, the impairment of those loans is recognized in the allowance account based on the present value of expected future cash flows discounted at the loans' effective rate. As of June 30, 2015 and 2014, the Seminary has determined that no allowance is necessary.

Revenue Recognition

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

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

Beneficial Interest in Trusts

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

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

Investments

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

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, cash equivalents, accounts receivable, accounts payable, accrued liabilities, and short-term borrowings approximates fair value due to the short maturity of these instruments. Rates currently available to the Seminary for debt with similar terms and remaining maturities are used to estimate fair value of notes receivable.

St. John's Seminary

Notes to Financial Statements
Years Ended June 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Land, Buildings and Equipment

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

Impairment of Long-Lived Assets

Long-lived assets, which consist primarily of property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. As of June 30, 2015 and 2014, the Seminary did not identify any impairment indicators.

Contributed Services

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

Contributed Facilities

The difference between the estimated fair rental value of the facilities and the amounts actually paid for rent is recorded as support with an equivalent amount recorded as rent expense (see Note 9).

Accounting for Assets Held by Others

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

Concentration of Credit Risk

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

The Seminary maintains its cash deposits in two major financial institutions, which are insured by the Federal Deposit Insurance Corporation up to $250,000. At times, funds deposited in banks are in excess of FDIC insured limits. Included in cash equivalents are uninsured money market mutual accounts totaling approximately $1,167,000 and $1,546,000 at June 30, 2015 and 2014, respectively. The Seminary has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. Management monitors on a regular basis, the financial institution, along with its balances, to keep this potential risk to a minimum.

St. John's Seminary

Notes to Financial Statements
Years Ended June 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Concentration of Credit Risk…continued

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

Income Tax Status

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

The Seminary recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities. Management evaluated the Seminary's tax positions and concluded that the Seminary had no material uncertainties in income taxes as of June 30, 2015 or 2014.

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

The Seminary is no longer subject to income tax examinations by the U.S. federal, state, or local authorities for fiscal years before 2012. The Seminary will account for interest and penalties related to uncertain tax positions, if any, as part of tax expense.

Advertising Costs

The Seminary expenses advertising costs as incurred. During the years ended June 30, 2015 and 2014, the Seminary had $28,931 and $29,015 of advertising expenses.

Functional Allocation of Expenses

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

Operating Activities

The statements of activities include all of the Seminary's revenues and expenses as part of operating activities, including investment income appropriated under the endowment spending policy recorded in net assets released through satisfaction of restrictions. Items not included represent net realized and unrealized gains (losses) on investments, contributions and bequests restricted for long term purposes, insurance recoveries, loss on land and buildings held for sale, gain (loss) on disposal of equipment, release from restriction for building and equipment and changes in value of beneficial interest in trusts.

St. John's Seminary
Notes to Financial Statements
Years Ended June 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Accounting Estimates

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

Liquidity

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

Contingencies

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

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606),* requiring an entity to recognize an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to students. The updated standard will replace the existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, Revenue *from Contracts with Customers (Topic 606): Deferral of the Effective Date.* The updated standard will be effective for annual reporting periods beginning after December 15, 2018. The Seminary does not believe the adoption of this standard will have a material impact on the financial statements.

In May 2015, the FASB issued ASU 2015-07, "*Fair Value Measurement (Topic 820)*: Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)". The amendments apply to reporting entities that elect to measure the fair value of an investment using the net asset value per share (or its equivalent) practical expedient. The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The amendments are effective for fiscal years beginning after December 15, 2016 and should be applied retrospectively to all periods presented. Earlier application is permitted. The adoption of ASU 2015-07 is not expected to have a material effect on the Seminary's financial statements or disclosures.

St. John's Seminary

Notes to Financial Statements
Years Ended June 30, 2015 and 2014

3. JOINT SALE OF PROPERTY AND RELATED AGREEMENTS

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

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

Additionally, the Seminary has a 50-year put option to require the College to purchase the retained portion of the Seminary building for $10 million. During the period of this agreement, the Seminary has agreed not to sell or transfer the property to any other party. After the 50-year period, the put right will expire and the College will be provided with a permanent right of first refusal, which will entitle the College to match any third-party offer to purchase the property that the Seminary wishes to accept. As of June 30, 2015 and 2014 the Seminary has valued the 50 year put option at $0, as the net book value of the Seminary building exceeds $10 million.

4. NOTES RECEIVABLE RELATED ORGANIZATION

Prior to fiscal year 2014, St. John’s Seminary held a note receivable from Corporation Sole with a principal balance of $4,916,314 and an accumulated interest and late fee penalty balance of $2,191,956, totaling $7,108,270. In June of 2011, the Seminary and Corporation Sole signed a Memorandum of Understanding (“MOU”) to settle the note. In exchange for a complete discharge of the promissory note, Corporation Sole agreed to transfer to the Seminary all of its rights, title and interest in Our Lady of Presentation Church and Rectory, as well as St. Gabriel Rectory and School, all located in Brighton, MA. The properties had a collective appraised value approximating $6,070,000, and resulted in a write-down to the note receivable in the amount of $1,038,270, which was reported as a “non-operating” charge to the 2013 statement of activities. During the year ended June 30, 2013, Corporation Sole transferred the Our Lady of Presentation properties (valued at $2.85 million) to the Seminary to discharge a portion of the note. During January 2014 the St. Gabriel Rectory and School properties were canonically transferred to the Seminary by the Corporation. This transfer represented the final settlement of the promissory note.

During October 2008, Corporation Sole entered into an unsecured 10-year promissory note with the Seminary for $36,408,400 owed to the Seminary from the August 2007 joint sale of property (see Note 3). This note is non-interest bearing and subordinated to all other liabilities, obligations and indebtedness of Corporation Sole. This promissory note becomes due and payable in its entirety on August 23, 2017. On September 22, 2014, the Board of Trustees voted to extend the due date to August 23, 2027.

The fair value of notes receivable at June 30, 2015 and 2014 is approximately $22,090,000 and $29,506,000, respectively.

St. John's Seminary
Notes to Financial Statements
Years Ended June 30, 2015 and 2014

5. INVESTMENTS

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

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Common Investment Fund	$31,312,907	$44,843,363	$32,032,783	$45,527,830

At June 30, 2014, the Seminary had an investment receivable $1.2 million from the Common Investment Fund representing investments redeemed but for which funds had not yet been transferred.

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

The fair value of the Partnership's investments in actively traded domestic securities is determined by State Street Corporation, which obtains bid price quotations from independent pricing services. Securities which are primarily traded on foreign exchanges are generally valued at the preceding closing values of such securities on their respective exchanges, and those values are then translated into U.S. dollars at the current exchange rate. For those securities whose prices are not available through independent pricing services, bid price quotations are obtained by State Street Corporation from principal market makers in those securities or at fair value as determined in good faith by management of the Partnership. Investment holdings of private investment entities that are not actively traded are valued by the managers of these entities. At June 30, 2015, investment holdings in private investment entities approximate 22.97%, of which 93% are valued using observable inputs ("Level 2"), and 7% are valued using significant unobservable inputs ("Level 3"). At June 30, 2014, investment holdings in private investment entities approximate 25%, of which 87% are valued using observable inputs ("Level 2"), and 13% are valued using significant unobservable inputs ("Level 3").

6. INTEREST IN THE NET ASSETS OF RELATED FOUNDATION

The Seminary is the beneficiary of donations collected on its behalf by the Catholic Community Fund of the Archdiocese of Boston, Inc. (the "Foundation"), a related organization, formerly known as the Catholic Foundation of the Archdiocese of Boston, Inc. As discussed in Note 2, "Accounting for Assets Held by Others", the Seminary has recorded its interest in the Foundation's net assets of $2,237,463 and $2,297,262 at June 30, 2015 and 2014, respectively.

The change in the Seminary's interest is reflected in the statement of activities as an increase in net assets of $29,032 in 2015 and $280,807 in 2014. Transfers of funds from the Foundation totaled $88,831 and $85,803 for the years ended June 30, 2015 and 2014, respectively, and are included in net assets released through satisfaction of restrictions on the statement of activities.

St. John's Seminary
Notes to Financial Statements
Years Ended June 30, 2015 and 2014

7. ENDOWMENTS

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

Interpretation of Relevant Law

The Board has interpreted Massachusetts General Law as requiring realized and unrealized gains and interest and dividend income of permanently restricted net assets to be retained in a restricted net asset classification until appropriated by the Board and expended. Massachusetts General Law allows the Board to appropriate as much of net appreciation of permanently restricted net assets as is prudent considering the Seminary's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions. Appropriation of endowment assets for operations (draw) from permanently restricted net assets totaled $826,537 and $803,907 for the years ended June 30, 2015 and 2014, respectively, and are included in net assets released from restrictions on the statement of activities.

It is the policy of the Seminary to appropriate for distribution on a quarterly basis 1% of the net assets of the endowment as of the previous quarter-end. In establishing this policy, the Seminary considered the long-term expected return on its endowments. Accordingly, over the long term, the Seminary expects the impact of the current spending policy to allow its endowments (including unspent appreciation) to grow at a nominal rate. This is consistent with the Seminary's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return. Actual distributions from the endowments may exceed the quarterly dividend.

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, 2015 and 2014.

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, the endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

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

St. John's Seminary
Notes to Financial Statements
Years Ended June 30, 2015 and 2014

7. ENDOWMENTS...continued

Strategies Employed for Achieving Objectives...continued

Endowment net asset composition by type of fund as of June 30, 2015 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowments	$ -	$ 9,531,372	$ 11,266,439	$ 20,797,811
Donor restricted endowments at the foundation	-	900,326	1,337,137	2,237,463
Board-designated endowment	21,240,407	-	-	21,240,407
Total funds	$ 21,240,407	$ 10,431,698	$ 12,603,576	$ 44,275,681

Endowment net asset composition by type of fund as of June 30, 2014 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowments	$ -	$ 9,981,086	$ 11,158,182	$ 21,139,268
Donor restricted endowments at the foundation	-	961,940	1,335,322	2,297,262
Board-designated endowment	22,903,143	-	-	22,903,143
Total funds	$ 22,903,143	$ 10,943,026	$ 12,493,504	$ 46,339,673

Changes in endowment net assets for the fiscal year ended June 30, 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$22,903,143	$10,943,026	$12,493,504	$46,339,673
Investment return:				
Investment income	852,154	826,537	1,429	1,680,120
Net depreciation	(462,736)	(449,714)	-	(912,450)
Total investment return	389,418	376,823	1,429	767,670
Contributions and bequests	-	-	106,828	106,828
Appropriation of endowment assets for operations (draw)	(2,052,154)	(826,537)	-	(2,878,691)
Other changes:				
Transfer of net assets from the Foundation	-	(88,831)	-	(88,831)
Change in interest in net assets of the Foundation	-	27,217	1,815	29,032
Endowment net assets, end of year	$21,240,407	$10,431,698	$12,603,576	$44,275,681

St. John's Seminary
Notes to Financial Statements
Years Ended June 30, 2015 and 2014

7. ENDOWMENTS…continued

Strategies Employed for Achieving Objectives...continued

Changes in endowment net assets for the fiscal year ended June 30, 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 22,534,605	$ 8,855,238	$ 12,367,154	$ 43,756,997
Investment return:				
Investment income	878,122	803,907	-	1,682,029
Net appreciation	2,068,538	1,893,716	3,007	3,965,261
Total investment return	2,946,660	2,697,623	3,007	5,647,290
Contributions and bequests	-	-	122,411	122,411
Appropriation of endowment assets for operations (draw)	(2,578,122)	(803,907)	-	(3,382,029)
Other changes:				
Transfer of net assets from the Foundation	-	(85,803)	-	(85,803)
Change in interest in net assets of the Foundation	-	279,875	932	280,807
Endowment net assets, end of year	$ 22,903,143	$ 10,943,026	$ 12,493,504	$ 46,339,673

8. LAND, BUILDINGS AND EQUIPMENT

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

	2015	2014
Land and land improvements	$ 4,316,782	$ 4,260,002
Buildings and improvements	27,578,946	27,532,255
Furniture and equipment	2,025,764	1,946,233
Motor vehicles	22,829	21,031
Construction in progress	702,490	316,190
	34,646,811	34,075,711
Less - accumulated depreciation	(11,351,013)	(10,632,899)
	$ 23,295,798	$ 23,442,812

Depreciation expenses totaled $739,723 and $693,071 for the years ended June 30, 2015 and 2014, respectively.

During the year ended June 30, 2015, construction in progress consisted of a sprinkler system and repairs to an organ. The sprinkler system will be placed into operations in November 2015. The renovation to organ will be completed by November 2015. The aforementioned projects are expected to incur approximately $126,000 of additional costs.

St. John's Seminary

Notes to Financial Statements
Years Ended June 30, 2015 and 2014

9. CONTRIBUTED FACILITIES

On January 1, 2009, the Seminary entered into a 50-year lease agreement with Corporation Sole, a related organization, to lease space for the School of Masters in Ministry educational program for $1. Accordingly, the Seminary has recognized contributed facilities as support via a corresponding charge to rent expenses for the year ended June 30, 2014 in the amount of $122,884 representing the required fair rental value. This lease was terminated during 2014.

10. RESTRICTED NET ASSETS

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

	2015	2014
Net assets available for the following purposes:		
Scholarship awards	$ 269,082	$ 767,427
Other	28,662	28,662
Interest in temporarily restricted net assets of the Foundation (Note 6)	900,326	961,940
	1,198,070	1,758,029
Realized and unrealized gains on investments related to Temporarily and permanently restricted net assets	9,531,372	9,981,086
	$ 10,729,442	$ 11,739,115

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

	2015	2014
Net assets restricted to investment in perpetuity, the income from which is expendable to support:		
Scholarships	$ 9,340,896	$ 9,234,069
Building and equipment	1,184,463	1,184,463
General	1,257,147	1,267,574
Interest in permanently restricted net assets of the Foundation (Note 6)	1,337,137	1,335,322
	$ 13,119,643	$ 13,021,428

During the years ended June 30, 2015 and 2014, temporarily restricted net assets were released from donor restrictions by incurring expenses or by the occurrence of other events satisfying the restricted purposes as follows:

	2015	2014
Scholarship awards	$ 1,361,381	$ 1,436,095
General operations and other	150,883	327,333
	$ 1,512,264	$ 1,763,428
Building and equipment	$ 76,533	$ 341,614

11. FAIR VALUE MEASUREMENTS

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

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

Level 2 - Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data and includes and includes investments valued using the net asset value (“NAV”) as the practical expedient with redemption periods of 90 days of less.

Level 3 - Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data. Level 3 also includes investments valued using the NAV as the practical expedient with redemption periods of more than 90 days.

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

While the Seminary believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the years ended June 30, 2015 and 2014, there were no changes to the Seminary's valuation techniques that had, or are expected to have, a material impact on its financial position or changes in net assets.

St. John's Seminary
Notes to Financial Statements
Years Ended June 30, 2015 and 2014

11. **FAIR VALUE MEASUREMENTS**...continued

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

Common Investment Fund

The estimated fair value of the common investment fund is valued using the NAV as the practical expedient provided by the fund manager.

Beneficial Interest in Trusts

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

The following tables are a summary of assets that the Seminary measures at fair value on a recurring basis, by level, within the fair value hierarchy at June 30, 2015:

	Quoted Prices in Active Markets Level 1	Other Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Common investment fund	$ -	$ 44,843,363	$ -	$ 44,843,363
Beneficial interest in trusts	-	-	516,067	516,067
	$ -	$ 44,843,363	$ 516,067	$ 45,359,430

The following tables are a summary of assets that the Seminary measures at fair value on a recurring basis, by level, within the fair value hierarchy at June 30, 2014:

	Quoted Prices in Active Markets Level 1	Other Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Common investment fund	$ -	$ 45,527,830	$ -	$ 45,527,830
Beneficial interest in trusts	-	-	527,924	527,924
	$ -	$ 45,527,830	$ 527,924	$ 46,055,754

During the years ended June 30, 2015 and 2014, the Seminary did not make any transfers between Level 1, Level 2, or Level 3 assets.

St. John's Seminary

Notes to Financial Statements
Years Ended June 30, 2015 and 2014

11. FAIR VALUE MEASUREMENTS...continued

Beneficial Interest in Trusts...continued

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

	Beneficial Interest in Trusts 2015	Beneficial Interest in Trusts 2014
Balance, beginning of year	$ 527,924	$ -
Contributions	-	471,419
Change in value of beneficial interest in trusts	(11,857)	56,505
Balance, end of year	$ 516,067	$ 527,924

The following table presents quantitative information about significant unobservable inputs used in Level 3 fair value measurements at June 30, 2015:

	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Beneficial interest in perpetual trusts	$ 516,067	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, 2014:

	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Beneficial interest in perpetual trusts	$ 527,924	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.

St. John's Seminary
Notes to Financial Statements
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11. FAIR VALUE MEASUREMENTS...continued

The Seminary considers investment holdings included in the investment portfolio to be liquid and without restrictions for redemption, except for alternative strategies. The following table sets forth the liquidity, redemption policies, and unfunded commitments of the Seminary's investments that have been accounted for using NAV or its equivalent as a practical expedient for calculating fair value as of June 30, 2015 and 2014.

2015	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Trust Investment	$ 44,843,363	None	Monthly	15 days

2014	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Trust Investment	$ 45,527,830	None	Monthly	15 days

The Common Investment Fund, Roman Catholic Archbishop of Boston (the "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 Roman Catholic Archbishop of Boston, A Corporation Sole (the "Corporation Sole") and related organizations who are exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

The 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 ("State Street") is the primary custodian of the Partnership's assets and record keeper of all related activities. The performance of the Fund is directly affected by the performance of the Partnership.

12. RELATED PARTY TRANSACTIONS

Benefits

The Seminary participates with other Catholic organizations in lay employee health, dental, life and disability benefit plans that are considered related organizations. Expenses incurred by the Seminary for the benefit of lay employees under these plans were $222,865 and $221,825 for the years ended June 30, 2015 and 2014, respectively.

The Seminary participates with other Catholic organizations in the Archdiocese of Boston Clergy Medical/Hospitalization Trust, a related organization. Expenses incurred by the Seminary for the benefit of clergy under this plan were $124,366 and $119,000 for the years ended June 30, 2015 and 2014, respectively.

Insurance

The Seminary purchases general liability, automobile, fire and theft, crime, boiler and workers' compensation insurance through a pooled insurance program of Corporation Sole. Related insurance expenses for this coverage was $92,725 and $80,950 for the years ended June 30, 2015 and 2014, respectively.

12. RELATED PARTY TRANSACTIONS...continued

Services

The Seminary receives administrative, technological and clerical services from Corporation Sole. Fees incurred for these services were $166,172 and $162,763 for the years ended June 30, 2015 and 2014, 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 $235,000 for the years ended June 30, 2015 and 2014. The Seminary has also agreed to provide financial assistance to Redemptoris Mater seminarians for tuition and fees in the amounts of $205,675 and $243,875 for the years ended June 30, 2015 and 2014, respectively. This financial assistance is reflected as a component of financial aid on the accompanying statement of activities.

Due to/from Related Party

Amounts due to Corporation Sole from the Seminary at June 30, 2015 and 2014 were $382,519 and $333,910, respectively.

Vendor

The Rector of St. John's Seminary is a board member of a major vendor of the Seminary involved with the construction of the various properties of the Seminary. For the services provided by this vendor as they relate to the Seminary the Rector recuses from voting.

13. EMPLOYEE PENSION PLANS

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

The following table discloses the name and funded status of the Roman Catholic Archdiocese of Boston Pension Plan as of June 30, 2015 (the date of the latest actuarial valuation), inclusive of the fair value of plan assets as of June 30, 2015:

Legal Name and Plan Number	Plan EIN	Actuarial Present Value of Accumulated Plan Benefits	Fair Value of Plan Assets	Total Net Contributions	Funded Status
Roman Catholic Archdiocese of Boston Pension Plan, Number 001	04-2777359	$ 241,640,718	$215,991,574	$ 7,799,992	89%

St. John's Seminary
Notes to Financial Statements
Years Ended June 30, 2015 and 2014

13. EMPLOYEE PENSION PLANS...continued

The following table discloses the name and funded status of the Roman Catholic Archdiocese of Boston Pension Plan as of June 30, 2014 (the date of the latest actuarial valuation), inclusive of the fair value of plan assets as of June 30, 2014:

Legal Name and Plan Number	Plan EIN	Actuarial Present Value of Accumulated Plan Benefits	Fair Value of Plan Assets	Total Net Contributions	Funded Status
Roman Catholic Archdiocese of Boston Pension Plan, Number 001	04-2777359	$ 247,003,684	$224,816,420	$ 9,095,474	91%

Based on an actuarial valuation of the present value of the accumulated plan benefits at June 30, 2015 and 2014, the Seminary's portion of the Pension Plan's accumulated benefit obligation net of Pension Plan assets was determined to be $932,000 and $573,000, respectively, and is not reflected in the accompanying statements of financial position.

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

Pension expense allocated to the Seminary by the defined benefit Pension Plan is based on payroll cost and amounted to $32,840 and $33,252 for the years ended June 30, 2015 and 2014, respectively. Matching contributions related to the 401(k) defined contribution plan amounted $19,753 and $18,668 for the years ended June 30, 2015 and 2014, respectively.

14. BENEFICIAL INTEREST IN TRUSTS

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

	2015	2014
Beneficial interest in perpetual trusts	$ 516,067	$ 527,924

The Seminary is one of the beneficiaries named in various trusts managed by third party trustees. Under the terms of the trust agreements, the Seminary is to receive quarterly or annual distribution payments. During the years ended June 30, 2015 and 2014, the Seminary received $39,506 and $49,052, in distributions, respectively

The net change in the value of the Seminary's beneficial interest in these trusts is recorded as a change in the value of split interest agreements on the statements of activities. This change amounted to a loss of $11,857 and gain of $56,505 for the years ended June 30, 2015 and 2014, respectively.

St. John's Seminary
Notes to Financial Statements
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15. LINE OF CREDIT

The Seminary entered into a revolving credit agreement with the Revolving Loan Fund of the Roman Catholic Archbishop of Boston, A Corporation Sole, (a related party) on May 22, 2015. The agreement allows borrowings up to a maximum principal amount of $1,500,000 on a revolving credit basis. The applicable interest rate is the annual rate of interest announced from time to time by the lender as the applicable rate for institutional loans pursuant to the lenders Revolving Loan Fund (at June 30, 2015 the applicable rate was 4.25% per annum). The credit loans shall be payable in annual installments on October 15 each year, commencing with October 15, 2015 through to October 15, 2019, all the revolving credit loans outstanding on such date, together with all unpaid and accrued interest thereon. The agreement matures on May 30, 2020. The credit agreement is secured by the Seminary's board designated endowment held in the Common Investment Fund. The total amount outstanding under the credit agreement is $801,549 at June 30, 2015.

16. SUMMARY OF EDUCATIONAL EXPENSES

The following is a summary of educational expenses incurred for the year ended June 30:

	2015	2014
Instruction	$ 2,706,921	$ 3,101,522
Library	95,112	85,829
Student services/activities	21,665	25,116
Operation and maintenance of plant	1,025,477	858,691
Depreciation expense	627,061	581,959
Household expense	1,114,886	1,188,890
	$ 5,591,122	$ 5,842,007

17. SUBSEQUENT EVENTS

The Seminary evaluated subsequent events that have occurred through December 21, 2015, the date on which the financial statements were issued. During this period there were no material subsequent events requiring accounting recognition or disclosure in the accompanying financial statements.