In May 2016 the Board of Trustees of Saint Charles Borromeo Seminary decided to pursue a new strategic direction. The Board voted to pursue an affiliation with a Catholic college/university in the Archdiocese of Philadelphia with the goal of creating a financially sustainable model for seminary operations as well as enriching the partner institution by leveraging the seminary’s successful tradition. Ideally, if this affiliation is achieved, Saint Charles Seminary and its partner institution will both work proactively to promote a more diverse college/seminary community, enhancing the human development of all students.

During the fiscal year ended June 30, 2017, the seminary conducted a feasibility study with the eleven Philadelphia area Catholic colleges/universities with the intent to find the best opportunity for the seminary to continue its mission. Due to the decision to affiliate with another college/university additional resources were required to fund this initiative. The seminary also incurred costs, including legal costs as noted in Note P of the financial statements, related to the potential sale of the current seminary property. The costs associated with the settlement of legal proceedings have also been recorded in the audited financial statements. In the fiscal year ended June 30, 2017 the expenses recorded for all of the matters noted above totaled approximately $2.2 million.

Prior to the decision to relocate, the Seminary had developed plans to consolidate operations on the upper portion of the campus. Since those plans will not be pursued the Seminary assessed the carrying value of certain capitalized costs incurred in anticipation of the possible consolidation. That is, the decision to completely vacate the current property caused a loss on impairment of the assets capitalized related to the original plan to consolidate and renovate the upper campus. Those costs totaled approximately $1.5 million which Saint Charles wrote off in the fiscal year ended June 30, 2017.

The overall total change in net assets from operating activities for the year ended June 30, 2017 was a negative $2.6 million. Excluding the $3.7 million noted above the seminary’s total net asset change would have been a positive $1.1 million which compares favorably to the 2016 results.