ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

Financial Statements

June 30, 2022

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
St. Tikhon's Orthodox Theological Seminary
Waymart, Pennsylvania

Opinion

We have audited the accompanying financial statements of St. Tikhon's Orthodox Theological Seminary (a not-for-profit Corporation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Tikhon's Orthodox Theological Seminary as of June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of St. Tikhon's Orthodox Theological Seminary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of St. Tikhon's Orthodox Theological Seminary's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Tikhon's Orthodox Theological Seminary's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

As discussed in note 13 to the financial statements, the beginning net assets have been restated by Board Resolution. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule of instructional, administrative and operations expenses on page 22 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Cotterer Group
Edinboro, Pennsylvania
February 18, 2021

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF FINANCIAL POSITION

June 30, 2022

Assets	
Current Assets	
Cash and cash equivalents	$ 422,529
Cash and cash equivalents, designated	411,486
Tuition receivables, net of allowance for doubtful accounts of $29,962	64,399
Prepaid expenses	19,254
Total Current Assets	917,668
Other Assets	
Certificates of Deposit	513,047
Investments	2,526,718
Interest in Net Assets of Affiliates	1,535
Property and equipment - net	2,650,978
Total Other Assets	5,692,278
Total Assets	$ 6,609,946
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	$ 20,440
Payroll taxes payable	2,574
Current portion of long-term debt	23,090
Line of Credit	458,393
Total Current Liabilities	504,497
Long-Term Liabilities	
Long-term debt, less current portion	86,573
Total Liabilities	$ 591,070
Net Assets	
Without donor restrictions:	
Undesignated	2,953,889
Board designated	459,593
	3,413,482
With donor restrictions:	2,605,394
Total Net Assets	6,018,876
Total Liabilities and Net Assets	$ 6,609,946

See independent auditor's report and accompanying notes.

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, [illegible]

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	$ [illegible]	$ [illegible]	$ [illegible]
Bequests	[illegible]	-	[illegible]
Tuition	[illegible]	-	[illegible]
Contributed non-financial assets	[illegible]	-	[illegible]
Miscellaneous	[illegible]	-	[illegible]
Investment income	([illegible])	([illegible])	([illegible])
Net assets released from restrictions	[illegible]	([illegible])	-
Total Revenue and Support	[illegible]	([illegible])	[illegible]
Expenses			
Instructional	[illegible]	-	[illegible]
Operations	[illegible]	-	[illegible]
Administrative	[illegible]	-	[illegible]
Student services	[illegible]	-	[illegible]
Fundraising	[illegible]	-	[illegible]
Library	[illegible]	-	[illegible]
Total Expenses	[illegible]	-	[illegible]
Net Increase (Decrease) in Net Assets	$ [illegible]	$ ([illegible])	$ [illegible]

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets – June 30, 2021	$ 3,031,221	$ 2,883,090	$ 5,914,311
Net Increase (Decrease) in net assets	383,261	(278,486)	104,775
Net assets – June 30, 2022	$ 3,414,482	$ 2,604,604	$ 6,019,086

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities	
Net increase (decrease) in net assets	$ 102,565
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by (used in) operating activities:	
Depreciation	94,717
Bad debt expense	10,454
Net realized gain on investments	(216,581)
Net unrealized loss on investments	628,461
Restricted contributions	(38,407)
Changes in assets and liabilities:	
Tuition receivables	(18,331)
Prepaid expenses	(246)
Accounts payable	(28,994)
Payroll taxes payable	(1,638)
Line of Credit	(2,728)
Net Cash Provided by Operating Activities	529,272
Cash Flows from Investing Activities	
Purchase of investments	(2,424,268)
Proceeds from sale of investments	2,230,819
Realized gain on investments	216,581
Purchase of property and equipment	(171,587)
Net Cash (Used in) Investing Activities	(148,455)
Cash Flows from Financing Activities	
Restricted contributions	38,407
Repayment of long-term debt	(22,260)
Net Cash Provided by (Used in) Financing Activities	16,147
Net Change in Cash and Cash Equivalents	396,964
Beginning Cash and Cash Equivalents	437,051
Ending Cash and Cash Equivalents	$ 834,015

See independent auditor's report and accompanying notes.

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Supplemental disclosure of cash flow information:		
Cash paid for interest	$	21,841
Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents		422,529
Cash and cash equivalents, designated		411,486
Total cash and cash equivalents	$	834,015

See independent auditor's report and accompanying notes.

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 – Organization

St. Tikhon's Orthodox Theological Seminary (the "Seminary") located in South Canaan, Pennsylvania was founded in 1938 as a Pastoral School by resolution of the 6th All-American Sobor of the Russian Orthodox Greek Catholic Church in North America and was officially transformed from the Pastoral School into a Seminary by the Holy Synod of the Metropolia in 1942.

The Seminary is an institution of professional Orthodox Christian theological education, chartered by the Department of Education of the Commonwealth of Pennsylvania and affiliated with the Orthodox Church in North America. The primary mission of the Seminary lies in providing the necessary theological, liturgical, spiritual, and moral foundations for Orthodox men to become, as God so wills, good shepherds of the Holy Orthodox Church.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

For financial reporting purposes, the Seminary follows the reporting requirements of accounting principles generally accepted in the United States of America (GAAP), which require that resources are classified based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes of net assets: without donor restrictions and with donor restrictions.

Description of the two net asset categories are as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. These are currently available at the discretion of the Board of Trustees for use in operations, invested in property and equipment or as endowments.

Net assets with donor restrictions – Net assets whose use by the Seminary is subject to donor imposed stipulations that can be fulfilled by actions of the Seminary pursuant to those stipulations or that expire by the passage of time are reported as net assets with donor restrictions. When a donor restriction expires, that is, when the stipulated time restriction ends or purpose restriction is accomplished, these net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restriction. Additionally, funds received as gifts and bequests which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity are reported as net assets with donor restrictions.

Note 2 - Summary of Significant Accounting Policies (continued)

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 those estimates.

Cash and cash equivalents

Cash and cash equivalents (including amounts designated) include certain investments in highly liquid debt instruments with a maturity of three months or less when purchased. The Seminary maintains its cash in bank deposit accounts, which may exceed the federally insured limits of $250,000 per institution. The Seminary has not experienced any losses in such accounts and management believes that they are not exposed to any significant credit risk related to its cash and cash equivalents.

Cash and cash equivalents, designated are set aside by the Board of Trustees for certain projects or purposes.

Tuition receivables

Tuition receivables are reported at net realizable value. The Seminary provides for probable uncollectible amounts through a valuation allowance so that the net amount reflects the amount that management expects to collect. The valuation allowance is based on management's assessment of the current status of individual accounts, historical collection information, and existing economic conditions. It is reasonably possible that the estimate of the allowance for doubtful accounts will change. The Seminary does not recognize interest income on receivables. Bad debt expense for the year ended June 30, 2022 was $10,454.

Prepaid expenses

Prepaid expenses consist of deposits and prepayments made in the current year that benefit future periods.

Certificates of Deposit

Certificates of deposit are recorded at cost plus accumulated interest which approximates fair value.

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Investments and Investment Risk

Investments are carried at fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statement of activities as income without donor restrictions unless the income or loss is restricted by donor or law.

The Seminary's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statement of financial position are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near future.

Property and Equipment

Property and equipment acquisitions are recorded at cost less accumulated depreciation, computed on a straight-line basis over the estimated useful lives of buildings and improvements (20-40 years), furniture (5-20 years), equipment (3-10 years), and vehicles (5 years). Maintenance and repairs are charged to expense as incurred; replacements and betterments are capitalized. All assets with a purchased cost, or fair value if acquired by gift, in excess of $1,000 are capitalized.

Property and equipment held for future development is carried at cost. Depreciation will be provided over the period benefited once placed in service.

Gifts of long-lived assets such as land, buildings, or equipment are reported as without donor restriction 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 and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

The Seminary reviews its long-lived assets whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected from its use and eventual disposition. If these future cash flows are less than the carrying value of the asset, an impairment loss is recognized for the difference between the estimated fair value and the carrying value of the asset.

Note 2 - Summary of Significant Accounting Policies (continued)

Interest in Net Assets of Affiliates

The Seminary recognizes its interest in the net assets of St. Tikhon's Theological Century Association (the Association) because the Seminary and the Association are considered financially interrelated organizations.

The Association was formed to render moral and financial assistance to the Seminary. The Seminary and Association each have an independent board of trustees who manage their affairs. Changes in interest in net assets of affiliates are recorded as increases or decreases in net assets. Contributions to the Seminary from the Association were $0 in 2022.

Revenue Recognition

Tuition (includes fees, room and board) revenue is recognized in the fiscal year in which the academic programs are delivered. Tuition contracts are considered to have a duration of less than one year. Transaction prices for tuition are determined based on applicable Seminary pricing schedules. Scholarships are reflected as a reduction of tuition revenue.

Amounts for tuition are due at the beginning of each semester. In accordance with the Seminary's refund policies students may receive a full refund up to three weeks or partial refund up to six weeks after the start of the semester. Tuition accounts receivable includes amounts to which the Seminary is unconditionally entitled. The Seminary considers such amounts as unconditional based on the payment due date.

Miscellaneous income consists of various sources of income which are generally transactional in nature and are recorded as they meet their performance obligation.

The Seminary recognizes contributions and bequests when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right to return - are not recognized until the conditions on which they depend have been met.

Unconditional promises to give are recorded at the present value of estimated future cash flows. Contributions of assets other than cash are recorded at fair value at the date the promise is received. The gifts are reported as with donor restriction if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restriction.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 2 - Summary of Significant Accounting Policies (continued)

Contributed Non-Financial Assets

For the year ended June 30, 2022, the Seminary recorded contributions in the amount of $70,008 for the services performed by priests in the classroom as part-time uncompensated faculty and $1,872 for the value of a set of donated tapestries. The $70,008 represent the estimated compensation that would have to be paid to a faculty member providing services for compensation at the Seminary's pay scale in effect for that period.

Tax Status

The Seminary is a not-for-profit corporation as described in Section (c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on its exempt income under Section 501(a) of the IRC.

The Seminary accounts for uncertainty in income taxes by prescribing a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined that there were no tax uncertainties that met the recognition threshold in 2022. Management believes its non-profit status would be upheld upon examination. The Seminary is no longer subject to income tax examinations for years prior to 2018.

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities based upon their natural classifications. Accordingly, certain costs have been allocated between instructional, operations, administrative, student services, fundraising, and library based upon the directly identifiable benefits.

New accounting standards

FASB has issued ASU 2016-02, Leases (Topic 842) which superseded the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The guidance is effective for fiscal years beginning after December 15, 2021 and thus will be effective for the July 1, 2022 to June 30, 2023 fiscal year end.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 2 - Summary of Significant Accounting Policies (continued)

New accounting standards (continued)

FASB has issued ASU 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. Under the new guidance, contributed nonfinancial assets are to be separately stated as individual line items in the statement of activities, distinct from contributions of cash and other financial assets. The Not-for-Profit will be required to disclose whether the nonfinancial assets were liquidated rather than contributed as well as if the asset was used during the reporting period, how it was used. The valuation method of the asset will need to be disclosed along with any donor-imposed restrictions that were placed on the asset. The guidance is effective for annual reporting periods commencing after June 15, 2021 and thus are effective for the July 1, 2021 to June 30, 2022 fiscal year end. The adoption of this guidance did not have a significant effect on the Seminary's financial statements.

Subsequent events

Management has reviewed subsequent events and transactions through February 16, 2023, the date the financial statements were available to be issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles.

Note 3 - Property and Equipment, Net

Property and equipment, net consists of the following at June 30, 2022:

Land	$	108,703
Buildings and Improvements		5,273,240
Furniture		118,977
Equipment		144,869
Construction-in-Progress		74,818
Vehicles		86,978
Total		6,449,582
Less Accumulated Depreciation		(3,058,603)
Property and Equipment, net	$	3,430,979

Note [illegible] - Investments and Fair Value Measurements

The composition of assets measured at fair value is as follows at June 30, 2022:

Certificates of Deposit	$	[illegible]
Money market		[illegible]
Fixed income		[illegible]
Marketable equity securities		[illegible]
Total	$	[illegible]

Investment return is comprised of the following for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	$ [illegible]	$ [illegible]	$ [illegible]
Realized gains on investments	[illegible]	[illegible]	[illegible]
Unrealized gains on investments	([illegible])	([illegible])	([illegible])
Total investment return	$ ([illegible])	$ ([illegible])	$ ([illegible])

Investment fees totaled $[illegible] in 2022. These fees are netted against interest and dividend income without donor restrictions.

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. The valuation hierarchy for disclosure of the inputs to valuation used to measure fair value prioritizes the inputs into three broad levels as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration for substantially the full term of the financial instrument.

Level 3 – Prices or valuation techniques that are unobservable in the market and require significant management judgement or estimation to measure fair value.

An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 4 - Investments and Fair Value Measurements (continued)

The Seminary's assets measured at fair value on a recurring basis by level within the fair value hierarchy as of June 30, 2022 are as follows:

	Level 1	Level 2	Total
Money Market	$ 783,322	$ -	$ 783,322
Marketable Equity Securities	1,714,108	-	1,714,108
Fixed Income	29,299		29,299
Certificates of Deposit	-	313,047	313,047
Total Investments	$ 2,526,729	$ 313,047	$ 2,839,776

The following is a description of the valuation methodologies used to determine fair value:

The carrying value of money market accounts approximated fair value because of the short-term maturity of these instruments. Marketable equity securities are measured at fair value based on quoted market prices in active markets for identical assets. The fixed income assets owned by the Seminary are U.S. Treasury notes, which are measured at fair value based on quoted market prices in active markets for identical assets. Certificates of deposit are measured at cost plus accumulated interest which approximates fair value.

Note 5 - Liquidity and Funds Available

The following table reflects the Seminary's financial assets which are available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year due to contractual or Board of Trustees action. Assets considered illiquid are assets restricted by donors for capital purposes, perpetual and Board-designated endowments and accumulated earnings thereon. The Board-designated endowments could be drawn upon if the Board of Trustees approves that action.

Cash and cash equivalents	$ 433,029
Cash and Cash Equivalents, Designated	433,488
Tuition Receivables	64,399
Financial assets available within one year to meet cash needs for general expenditures	$ 930,916

The Seminary structures its financial assets to be available as general expenditures, liabilities, and other obligations come due. The Seminary also maintains a $300,000 operating line of credit of which $91,497 was available at June 30, 2022, which can be drawn upon in the event of a liquidity need.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 6 - Line of Credit

The Seminary has available for working capital purposes a $500,000 line of credit arrangement with a bank. Borrowings on the line of credit bear interest at the Wall Street Prime Floating Rate with a floor rate of 3.50 percent (4.75 percent at June 30, 2022). The line of credit is secured by the business assets of the Seminary and renews annually on December 31. Borrowings totaled $458,193 at June 30, 2022.

The line of credit agreement requires the Seminary to maintain certain financial ratios. The Seminary was in compliance with these ratios as of June 30, 2022.

Note 7 - Long-Term Debt

Long-term debt consisted of the following at June 30, 2022:

Term note with bank, payable in monthly payments of $2,201 including interest at 4% through December 2027, secured by investments valued at 125% or more of the loan value	$	109,843
Less Current Portion		(23,090)
Long-Term Debt, less Current Portion	$	86,753

Scheduled principal repayments of long-term debt as of June 30, 2022 are as follows:

2023	$	23,090
2024		24,030
2025		25,010
2026		26,030
2027		11,683
Total	$	109,843

Note 8 - Pension Plan

The Seminary participates in the Orthodox Church in America Pension Plan (the "Plan"). The Plan is a nonelecting church plan, and is not governed by the terms of the Employee Retirement Income Security Act of 1974 (ERISA).

The Plan is a defined benefit pension plan covering substantially all employees of the Orthodox Church in America (the Church), including organizations under the Church's jurisdiction.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note [illegible] – Pension Plan (continued)

The Plan provides retirement and death benefits to participating members and their spouses which are based upon years of service, the participating member's compensation level and the amount of the participating member's deferrals.

The Plan administrator is the Pension Board comprised of not less than three (3) persons appointed by the Church. A valuation of the Plan is required at least once every three years by an enrolled actuary to determine the contributions needed to maintain the Plan on a sound actuarial basis. The contributions needed to support the Plan shall be changed from time to time based upon the results of these valuations.

Participating members are required at a minimum to contribute 6 percent of their qualifying salary (including amounts paid as housing allowances for clergy) to the Plan, with the employer contributing 8 percent. Pension expense was $[illegible] in 2022. The vesting schedule of the Plan is as follows:

Years of Service	Percentage
5	10%
6	20%
7	30%
8	40%
9	50%
10	60%
11	70%
12	80%
13	90%
14 or more	100%

The most recent audited financial statements of the Plan (December 31, 2021) report the actuarial present value of accumulated Plan benefits exceeds the Plan's total assets. The unfunded liability must be funded through future contributions and investment earnings. No specific allocation of the unfunded liability is made to individual employers or employees. Accordingly, determination of any additional liability is not practicable to estimate.

Note 9 - Functional Expenses

The table below presents the Seminary's expenses by nature and function at June 30, 2022:

	Instructional	Operations	Administrative	[illegible]	Fundraising	Library	Total
Salaries and wages	$ [illegible]	$ -	$ [illegible]	$ -	$ -	$ -	$ [illegible]
Adjunct wages	[illegible]	-	-	-	-	-	[illegible]
Employee benefits	[illegible]	-	[illegible]	-	-	-	[illegible]
Supplies and other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	-	-	-	-	-	[illegible]
Insurance	-	[illegible]	-	-	-	-	[illegible]
Utilities	-	[illegible]	-	-	-	-	[illegible]
[illegible]	-	[illegible]	-	-	-	-	[illegible]
Depreciation	-	[illegible]	-	-	-	-	[illegible]
Interest	-	-	[illegible]	-	-	-	[illegible]
Taxes	[illegible]	-	[illegible]	-	-	-	[illegible]
Total	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]

Note 10 - Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30, 2022:

Net assets with donor restrictions:	
Subject to expenditure for specified purpose:	
Scholarships and awards	$ [illegible]
Interest in net assets of affiliate	[illegible]
Total	[illegible]
Subject to the passage of time:	
General endowments	[illegible]
Subject to restriction in perpetuity:	
General endowments	[illegible]
Scholarships and awards	[illegible]
Total	[illegible]
Total net assets with donor restrictions	$ [illegible]

Note 11 - Endowment Funds

The Seminary's endowment consists of numerous individual funds established for a variety of purposes and includes both donor-restricted and Board of Trustees designated funds. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Seminary has interpreted Pennsylvania law requiring the preservation of 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 net assets with donor restrictions (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.

The Seminary considers various factors in making a determination to appropriate or accumulate donor-restricted endowment funds, including the duration and preservation of the fund, the purposes of the Seminary and the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected return from income and the appreciation of investments, the investment policies of the Seminary and other resources of the Seminary.

The Seminary has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while 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 as well as board-designated funds.

To satisfy its long-term rate-of-return objectives, the Seminary relies on a balanced investment strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Seminary targets a diversified asset allocation to achieve its long-term return objectives guided by its policy.

The Seminary has a policy of appropriating for distribution accumulated investment income (interest and dividends) as approved by the Board of Trustees. This policy is consistent with the Seminary's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term as well as to provide additional real growth through new gifts and investment return.

Note 11 - Endowment Funds (continued)

Changes in endowment net assets in 2022 were as follows:

	Without Donor Restrictions	Without Donor Restrictions - Board Designated	With Donor Restrictions	Total
Endowment net assets, July 1, 2021	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
Investment return:				
Investment income	[illegible]	[illegible]	[illegible]	[illegible]
Net realized and unrealized gains	[illegible]	[illegible]	[illegible]	[illegible]
Total investment return	[illegible]	[illegible]	[illegible]	[illegible]
Transfers/contributions	[illegible]	[illegible]	[illegible]	[illegible]
Funds released from restriction	-	-	[illegible]	[illegible]
Endowment net assets, June 30, 2022	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]

Note 12 - Prior Period Adjustment

During the year ended June 30, 2022, the Seminary Board of Trustees, after extensive efforts to locate original donors in absence of records, resolved to classify selected funds as "Board Designated", to be used only for long-term capital projects of the Seminary, provided that income earned on the Board Designated Funds may be used for any legal purpose that the Board of Trustees approves.

The effect of the adjustment to net assets is as follows:

Net assets without donor restrictions beginning of year as previously reported	$ [illegible]
Classification of funds as Board Designated	[illegible]
Net assets without donor restrictions beginning of year, restated	$ [illegible]
Net assets with donor restrictions beginning of year as previously reported	$ [illegible]
Classification of funds as Board Designated	[illegible]
Net assets with donor restrictions beginning of year, restated	$ [illegible]

SUPPLEMENTARY INFORMATION

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY
SCHEDULE OF INSTRUCTIONAL, ADMINISTRATIVE, AND OPERATIONS EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

Instructional		
Faculty wages	$	221,568
Adjunct faculty		108,283
Employee benefits		32,508
Donated services		78,008
Pension		18,793
Payroll taxes		17,490
Payroll processing		2,582
Faculty travel		3,684
Total Instructional	$	483,558
Administrative		
Staff wages	$	519,528
Professional fees		4,592
Employee benefits		123,764
Pension		40,422
Dues and subscriptions		83,507
Payroll taxes		42,227
Interest		13,842
Postage		5,865
Conferences		3,637
Equipment lease		5,734
Licenses		1,698
Catering		493
Development and promotions		385
Total Administrative	$	873,561
Operations		
Depreciation	$	94,717
Utilities		95,878
Insurance		72,460
Repairs and Maintenance		41,113
Telephone		13,933
Supplies		11,488
Bad debt		20,434
Total Operations	$	344,062