ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

Financial Statements

June 30, 2024 and 2023

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

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Certified Public Accountants & Business Advisors
A Professional Corporation

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 statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Tikhon's Orthodox Theological Seminary as of June 30, 2024, and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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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 12 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 26 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.

Catanese Group

Catanese Group
Johnstown, Pennsylvania
November 18, 2024

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENTS OF FINANCIAL POSITION
JUNE 30

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	$ 312,250	$ 257,243
Cash and cash equivalents, designated	156,098	1,031,872
Tuition receivables, net of allowance for credit losses of $0 and $15,828, respectively	16,050	47,482
Prepaid expenses	45,390	24,902
Total Current Assets	529,788	1,361,499
Other Assets		
Certificates of Deposit	706,133	528,658
Investments	4,239,170	2,745,580
Interest in Net Assets of Affiliates	1,535	1,535
Property and equipment - net	2,890,384	2,801,778
Total Other Assets	7,837,222	6,077,551
Total Assets	$ 8,367,010	$ 7,439,050
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 22,254	$ 27,499
Accrued pension expense	-	57,415
Payroll taxes payable	1,221	1,221
Current portion of long-term debt	25,093	24,030
Total Current Liabilities	48,568	110,165
Long-Term Liabilities		
Long-term debt, less current portion	37,302	62,619
Total Liabilities	85,870	172,784
Net Assets		
Without donor restrictions:		
Undesignated	3,677,637	3,402,450
Board designated	1,393,138	1,075,956
	5,070,775	4,478,406
With donor restrictions:	3,210,365	2,787,860
Total Net Assets	8,281,140	7,266,266
Total Liabilities and Net Assets	$ 8,367,010	$ 7,439,050

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	$ 2,007,687	$ 27,820	$ 2,035,507
Bequests	62,347	-	62,347
Tuition	260,394	-	260,394
Contributed non-financial assets	70,008	-	70,008
Miscellaneous	89,426	-	89,426
Investment income	158,820	411,685	570,505
Net assets released from restrictions	17,000	(17,000)	-
Total Revenue and Support	2,665,682	422,505	3,088,187
Expenses			
Instructional	624,127	-	624,127
Operations	392,476	-	392,476
Administrative	918,461	-	918,461
Student services	81,676	-	81,676
Fundraising	34,570	-	34,570
Library	22,003	-	22,003
Total Expenses	2,073,313	-	2,073,313
Net Increase (Decrease) in Net Assets	$ 592,369	$ 422,505	$ 1,014,874

See independent auditor's report and accompanying notes.

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	$ 2,516,177	$ 26,120	$ 2,542,297
Bequests	7,812	-	7,812
Tuition	285,103	-	285,103
Contributed non-financial assets	70,008	-	70,008
Miscellaneous	72,550	-	72,550
Investment income	72,235	192,145	264,380
Net assets released from restrictions	35,799	(35,799)	-
Total Revenue and Support	3,059,684	182,466	3,242,150
Expenses			
Instructional	621,358	-	621,358
Operations	300,912	-	300,912
Administrative	979,576	-	979,576
Student services	66,444	-	66,444
Fundraising	19,195	-	19,195
Library	7,275	-	7,275
Total Expenses	1,994,760	-	1,994,760
Net Increase (Decrease) in Net Assets	$ 1,064,924	$ 182,466	$ 1,247,390

See independent auditor's report and accompanying notes.

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - June 30, 2022	$ 3,413,482	$ 2,605,394	$ 6,018,876
Net Increase (Decrease) in net assets	1,064,924	182,466	1,247,390
Net Assets - June 30, 2023	4,478,406	2,787,860	7,266,266
Net Increase (Decrease) in net assets	592,369	422,505	1,014,874
Net Assets - June 30, 2024	$ 5,070,775	$ 3,210,365	$ 8,281,140

See independent auditor's report and accompanying notes.

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30

	2024	2023
Cash Flows from Operating Activities		
Net increase (decrease) in net assets	$ 1,014,874	$ 1,247,390
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	120,353	108,129
Bad debt expense	6,287	(5,014)
Net realized gain on investments	(29,106)	(33,381)
Net unrealized (gain) loss on investments	(425,532)	(153,578)
Restricted contributions	(27,820)	(26,120)
Changes in assets and liabilities:		
Tuition receivables	25,145	21,931
Prepaid expenses	(20,488)	(5,648)
Accounts payable	(5,245)	7,059
Accrued pension expense	(57,415)	57,415
Payroll taxes payable	-	(1,353)
Net Cash Provided by Operating Activities	601,053	1,216,830
Cash Flows from Investing Activities		
Purchase of investments	(2,413,599)	(823,122)
Proceeds from sale of investments	1,168,066	742,227
Realized gain on investments	29,106	33,381
Purchase of property and equipment	(208,959)	(258,929)
Net Cash (Used in) Investing Activities	(1,425,386)	(306,443)
Cash Flows from Financing Activities		
Repayments on revolving line of credit	-	(458,393)
Restricted contributions	27,820	26,120
Repayment of long-term debt	(24,254)	(23,014)
Net Cash Provided by (Used in) Financing Activities	3,566	(455,287)
Net Change in Cash and Cash Equivalents	(820,767)	455,100
Beginning Cash and Cash Equivalents	1,289,115	834,015
Ending Cash and Cash Equivalents	$ 468,348	$ 1,289,115

See independent auditor's report and accompanying notes.

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30

	2024	2023
Supplemental disclosure of cash flow information:		
Cash paid for interest	**$ 6,993**	$ 25,569
Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents	**312,250**	257,243
Cash and cash equivalents, designated	**156,098**	1,031,872
Total cash and cash equivalents	**$ 468,348**	$ 1,289,115

See independent auditor's report and accompanying notes.

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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 Metropolis 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 His 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 direction 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)

New accounting pronouncements

In June 2016, the FASB issued Accounting Standards Update No. 2016-13—Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. Topic 326 amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For assets held at amortized cost basis, Topic 326 eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. For available for sale debt securities, credit losses should be measured in a manner similar to current GAAP, however Topic 326 will require that credit losses be presented as an allowance rather than as a write-down.

This Accounting Standards Update affects entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The adoption of this standard did not have a material impact on the Seminary's business, financial position, results of operations or liquidity.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 credit losses will change. The Seminary does not recognize interest income on receivables. Net bad debt recoveries for the year ended June 30, 2023 was $5,014. Net bad debt recoveries for the year ended June 30, 2024 were $0.

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.

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 (7-20 years), equipment (5-10 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.

Note 2 - Summary of Significant Accounting Policies (continued)

Property and equipment (continued)

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.

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 in 2024 and 2023 were $0.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

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.

Contributed non-financial assets

For the years ended June 30, 2024 and 2023, the Seminary recorded contributions in the amount of $70,008 and $70,008, respectively, for the services performed by priests in the classroom as part-time uncompensated faculty. The $70,008 and $70,008, respectively, represents 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.

Note 2 - Summary of Significant Accounting Policies (continued)

Tax status (continued)

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 2024 and 2023. 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 2020.

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.

Lease accounting

The Seminary determines if an arrangement contains a lease at the inception of a contract. For real estate leases, the Seminary accounts for lease components and nonlease components as a single lease component. The Seminary, as lessor, has real property lease income which contains fixed rates. The Seminary recognizes lease income as it is earned. The Seminary's leases do not contain a purchase option or residual value guarantees.

The Seminary leases property to both married and unmarried students for housing. Unmarried students are primarily housed in an on-campus dormitory. Married students are housed in off/near campus properties. All student leases are for time periods of one year or less, and are considered short term. The leases do not contain renewal periods.

The Seminary recognized $92,057 and $71,689 in room and board income for the years ended June 30, 2024 and 2023, respectively, for unmarried on-campus students. The room and board income is included in Tuition on the Statement of Activities. The Seminary recognized $71,775 and $70,570 in rental income for the years ended June 30, 2024 and 2023, respectively, for married off/near campus students. The rental income is included in Miscellaneous Income on the Statement of Activities.

Subsequent events

Management has reviewed subsequent events and transactions through November 18, 2024, 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:

	2024	2023
Land	$ 510,713	$ 510,713
Land Improvements	132,906	132,906
Buildings and Improvements	3,633,213	3,515,664
Furniture	144,009	127,414
Equipment	213,148	194,845
Construction-in-Progress	56,511	-
Vehicles	26,970	26,970
Total	4,717,470	4,508,512
Less Accumulated Depreciation	(1,827,086)	(1,706,734)
Property and Equipment, net	$ 2,890,384	$ 2,801,778

Note 4 - Investments and Fair Value Measurements

The composition of assets measured at fair value is as follows for the years ended June 30:

	2024	2023
Certificates of Deposit	$ 706,133	$ 528,658
Money market	1,869,694	741,523
Fixed income	-	-
Marketable equity securities	2,369,476	2,004,057
Total	$ 4,945,303	$ 3,274,238

Note 4 - Investments and Fair Value Measurements (continued)

Investment return is comprised of the following for the years ended June 30:

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Interest and dividend income	**$ 68,599**	**$ 47,268**	**$ 115,867**
Realized gains on investments	**5,705**	**23,401**	**29,106**
Unrealized gains on investments	**84,516**	**341,016**	**425,532**
Total investment return	**$ 158,820**	**$ 411,685**	**$ 570,505**

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	$ 37,672	$ 39,749	$ 77,421
Realized gains on investments	6,406	26,975	33,381
Unrealized gains on investments	28,157	125,421	153,578
Total investment return	$ 72,235	$ 192,145	$ 264,380

Investment fees totaled $14,476 in 2024 and $12,746 in 2023. 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;

Note 4 - Investments and Fair Value Measurements (continued)

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.

The Seminary's assets measured at fair value on a recurring basis by level within the fair value hierarchy as of June 30, 2024 and 2023 are as follows:

	2024		
	Level 1	**Level 2**	**Total**
Money Market	**$ 1,869,694**	**$ -**	**$ 1,869,694**
Marketable Equity Securities	**2,369,476**	**-**	**2,369,476**
Fixed Income	**-**	**-**	**-**
Certificates of Deposit	**-**	**706,133**	**706,133**
Total Investments	**$ 4,239,170**	**$ 706,133**	**$ 4,945,303**

	2023		
	Level 1	Level 2	Total
Money Market	$ 741,523	$ -	$ 741,523
Marketable Equity Securities	2,004,057	-	2,004,057
Fixed Income	-	-	-
Certificates of Deposit	-	528,658	528,658
Total Investments	$ 2,745,580	$ 528,658	$ 3,274,238

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 4 - Investments and Fair Value Measurements (continued)

Change in fair value levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. For the years ended June 30, 2024, and 2023, there were no significant transfers in and out of Levels 1, 2, or 3.

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 cash and cash equivalents and investments could be drawn upon if the Board of Trustees approves that action.

	2024	2023
Cash and cash equivalents	$ 312,250	$ 257,243
Cash and cash equivalents, designated	156,098	1,031,872
Investments, designated	1,020,826	-
Tuition receivables	16,050	47,482
Financial assets available within one year to meet cash needs for general expenditures	$ 1,505,224	$ 1,336,597

The Seminary structures its financial assets to be available as general expenditures, liabilities, and other obligations come due. The Seminary also maintains a $500,000 operating line of credit of which $500,000 was available at June 30, 2024, which can be drawn upon in the event of a liquidity need.

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 (8.50 percent and 8.25 percent at June 30, 2024, and 2023, respectively). The line of credit is secured by the business assets of the Seminary and renews annually on December 31. Borrowings totaled $0 and $0 at June 30, 2024 and 2023, respectively.

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, 2024 and 2023.

Note 7 - Long-Term Debt

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

	2024	2023
Term note with bank, payable in monthly payments of $2,261 including interest at 4% through December 2026; secured by investments valued at 125% or more of the loan value.	$ 62,395	$ 86,649
Less Current Portion	(25,093)	(24,030)
Long-Term Debt, less Current Portion	$ 37,302	$ 62,619

Scheduled principal repayments of long-term debt as of June 30, 2024 are as follows:

2025	$ 25,093
2026	27,132
2027	10,170
Total	$ 62,395

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 Employer 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.

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.

Note 8 - Pension Plan (continued)

According to the plan document, 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 through December 31, 2021. Effective January 1 through December 31, 2022, the employer contribution rate was set at 10%. Effective January 1 through June 30, 2023, the employer contribution rate was set at 12%. It has historically been the practice of the Seminary to fund both the employee and employer contributions. Pension expense was $113,452 in 2024 and $168,533 in 2023. 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 2024 pension expense and accrual includes a catch up contribution in the amount of $0 for a long time employee who was retroactively determined to have been eligible to participate.

The most recent audited financial statements of the Plan (December 31, 2023) 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 employees or employers. Accordingly, determination of any additional liability is not practicable to estimate.

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 9 - Functional Expenses

The table below presents the Seminary's expenses by nature and function at June 30, 2024 and 2023:

	Instructional	Operations	Administrative	Student Services	Fundraising	Library	2024 Total
Salaries and wages	$ 271,627	$ -	$ 564,276	$ -	$ -	$ -	$ 835,903
Adjunct wages	180,419	-	-	-	-	-	180,419
Employee benefits	66,281	-	137,693	-	-	-	203,974
Supplies and other	7,815	124,185	151,381	81,676	34,570	22,003	421,630
Donated services	70,008	-	-	-	-	-	70,008
Insurance	5,826	42,455	12,103	-	-	-	60,384
Utilities	-	99,047	-	-	-	-	99,047
Bad debt expense	-	6,287	-	-	-	-	6,287
Depreciation	-	120,353	-	-	-	-	120,353
Interest	-	-	6,993	-	-	-	6,993
Taxes	22,151	149	46,015	-	-	-	68,315
Total	$ 624,127	$ 392,476	$ 918,461	$ 81,676	$ 34,570	$ 22,003	$ 2,073,313

	Instructional	Operations	Administrative	Student Services	Fundraising	Library	2023 Total
Salaries and wages	$ 296,981	$ -	$ 567,635	$ -	$ -	$ -	$ 864,616
Adjunct wages	105,197	-	-	-	-	-	105,197
Employee benefits	116,176	-	222,052	-	-	-	338,228
Supplies and other	7,905	53,617	116,365	66,444	19,195	7,275	270,801
Donated services	70,008	-	-	-	-	-	70,008
Insurance	-	44,113	-	-	-	-	44,113
Utilities	-	99,774	-	-	-	-	99,774
Bad debt expense	-	(5,014)	-	-	-	-	(5,014)
Depreciation	-	108,129	-	-	-	-	108,129
Interest	-	-	25,569	-	-	-	25,569
Taxes	25,091	293	47,955	-	-	-	73,339
Total	$ 621,358	$ 300,912	$ 979,576	$ 66,444	$ 19,195	$ 7,275	$ 1,994,760

Note 10 - Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30 for the following years:

	2024	2023
Net assets with donor restrictions:		
Subject to expenditure for specified purpose:		
Scholarships and awards	$ 721,080	$ 432,135
Interest in net assets of affiliate	1,535	1,535
Total	722,615	433,670
Subject to the passage of time:		
General endowments	299,187	193,447
Subject to restriction in perpetuity:		
General endowments	768,807	743,108
Scholarships and awards	1,419,756	1,417,635
Total	2,188,563	2,160,743
Total net assets with donor restrictions	$ 3,210,365	$ 2,787,860

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.

Note 11 - Endowment Funds (continued)

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.

Changes in endowment net assets in 2024 and 2023 were as follows:

	Without Donor Restrictions	Without Donor Restrictions - Board Designated	With Donor Restrictions	2024 Total
Endowment net assets, July 1, 2023	$ 1,476,976	$ 44,084	$ 2,787,860	$ 4,308,920
Investment return:				
Investment income	43,251	25,348	47,268	115,867
Net realized and unrealized gains	80,459	9,762	364,417	454,638
Total investment return	123,710	35,110	411,685	570,505
Transfers/contributions	(975,376)	1,157,846	27,820	210,290
Funds released from restriction	17,000	-	(17,000)	-
Endowment net assets, June 30, 2024	$ 642,310	$ 1,237,040	$ 3,210,365	$ 5,089,715

Note 11 - Endowment Funds (continued)

	Without Donor Restrictions	Without Donor Restrictions- Board Designated	With Donor Restrictions	2023 Total
Endowment net assets, July 1, 2022	$ 799,286	$ 48,107	$ 2,605,394	$ 3,452,787
Investment return:				
Investment income	33,842	321	39,749	73,912
Net reailzed and unrealized gains	32,833	3,382	152,396	188,611
Total investment return	66,675	3,703	192,145	262,523
Transfers/contributions	611,015	(7,726)	26,120	629,409
Funds released from restriction	-	-	(35,799)	(35,799)
Endowment net assets, June 30, 2023	$ 1,476,976	$ 44,084	$ 2,787,860	$ 4,308,920

SUPPLEMENTARY INFORMATION

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

	2024	2023
Instructional		
Faculty wages	$ 271,627	$ 296,981
Adjunct faculty	180,419	105,197
Employee benefits	35,241	56,539
Donated services	70,008	70,008
Pension	36,866	59,637
Payroll taxes	22,151	25,091
Payroll processing	4,246	2,903
Faculty travel	3,569	5,002
Total Instructional	$ 624,127	$ 621,358
Administrative		
Staff wages	$ 564,276	567,635
Professional fees	8,889	6,151
Employee benefits	73,210	98,387
Pension	76,586	123,665
Dues and subscriptions	68,713	69,217
Payroll taxes	46,015	47,955
Interest	6,993	25,569
Postage	12,766	10,841
Conferences	11,021	8,202
Equipment lease	4,727	5,418
Licenses	10,175	6,176
Catering	14,319	400
Development and promotions	20,771	10,699
Total Administrative	$ 918,461	$ 980,315
Operations		
Depreciation	$ 120,353	108,129
Utilities	99,047	99,774
Insurance	42,455	44,113
Repairs and Maintenance	89,300	30,196
Telephone	10,509	-
Supplies	24,275	23,276
Bank Fees	101	145
Taxes	149	293
Bad debt	6,287	(5,014)
Total Operations	$ 392,476	$ 300,912