ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

Financial Statements
With Independent Auditors' Report

June 30, 2019 and 2018

CAPINCROUSE LLP

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

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CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT

Board of Trustees
St. Vladimir's Orthodox Theological Seminary
Yonkers, New York

We have audited the accompanying financial statements of St. Vladimir's Orthodox Theological Seminary, which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses 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.

Auditors' 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 audits 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.

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Board of Trustees
St. Vladimir's Orthodox Theological Seminary
Yonkers, New York

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Vladimir's Orthodox Theological Seminary as of June 30, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
St. Vladimir's Orthodox Theological Seminary has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. This has had a material effect on the presentation of the June 30, 2019 and 2018 financial statements. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

New York, New York
November 14, 2019

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

Statements of Financial Position

	June 30, 2019	June 30, 2018
ASSETS:		
Cash and cash equivalents	$ 41,884	$ 4,043
Accounts receivable, net	175,081	147,918
Prepaid expenses	29,182	32,082
Inventory	783,977	842,236
Pledges receivable, net	51,374	242,477
Assets held for sale	45,444	229,232
Investments	12,523,280	12,516,243
Cash surrender value of life insurance	181,970	180,437
Property and equipment-net	10,845,514	11,070,701
Total Assets	$ 24,677,706	$ 25,265,369
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	$ 407,132	$ 375,154
Deferred revenue	209,260	119,298
Annuity and life trust payable	2,514	99,541
Total liabilities	618,906	593,993
Net assets:		
Without donor restrictions	8,037,682	8,865,215
With donor restrictions	16,021,118	15,806,161
Total net assets	24,058,800	24,671,376
Total Liabilities and Net Assets	$ 24,677,706	$ 25,265,369

See notes to financial statements

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

Statements of Activities

	2019 Without Donor Restrictions	2019 With Donor Restrictions	2019 Total	2018 Without Donor Restrictions	2018 With Donor Restrictions	2018 Total
	Year Ended June 30,					
REVENUE, SUPPORT AND RECLASSIFICATIONS:						
Tuition and fees	$ 899,919	$ -	$ 899,919	$ 824,764	$ -	$ 824,764
Less: scholarships and financial aid	(612,889)	-	(612,889)	(562,447)	-	(562,447)
Net tuition and fees	287,030	-	287,030	262,317	-	262,317
Contributions and grants	1,197,006	710,381	1,907,387	1,078,925	1,068,513	2,147,438
Endowment and investment income, net	34,755	447,167	481,922	53,490	670,169	723,659
Auxiliary enterprises	1,627,497	-	1,627,497	1,546,864	-	1,546,864
Other income	346,254	-	346,254	40,478	-	40,478
Total revenue and support	3,492,542	1,157,548	4,650,090	2,982,074	1,738,682	4,720,756
Net assets released from restrictions	942,591	(942,591)	-	837,486	(837,486)	-
Total Revenue, Support, and Reclassifications	4,435,133	214,957	4,650,090	3,819,560	901,196	4,720,756
EXPENSES:						
Program services	3,417,364	-	3,417,364	3,191,414	-	3,191,414
Supporting services:						
General and administrative	1,213,181	-	1,213,181	927,260	-	927,260
Fundraising	632,121	-	632,121	540,714	-	540,714
Total Expenses	5,262,666	-	5,262,666	4,659,388	-	4,659,388
Change in Net Assets	(827,533)	214,957	(612,576)	(839,828)	901,196	61,368
Net Assets, Beginning of Year	8,865,215	15,806,161	24,671,376	9,705,043	14,904,965	24,610,008
Net Assets, End of Year	$ 8,037,682	$ 16,021,118	$ 24,058,800	$ 8,865,215	$ 15,806,161	$ 24,671,376

See notes to financial statements

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

Statement of Functional Expenses

Year Ended June 30, 2019
With Summarized Comparative Totals For The Year Ended June 30, 2018

	2019							2018
	Program Services				Supporting Services			
	Academic and Student Services	Public Service	Auxiliary Enterprises	Total Program Services	General and Administrative	Fundraising	Total	Total
Salaries and benefits	$ 1,026,736	$ 91,545	$ 357,088	$ 1,475,369	$ 637,768	$ 240,519	$ 2,353,656	$ 2,087,811
Professional and consulting fees	84,794	580	8,189	93,563	36,698	140,529	270,790	269,965
Technology and equipment	1,030	-	712	1,742	28,689	972	31,403	43,528
Dues and fees	3,808	-	1,104	4,912	8,067	480	13,459	9,509
Advertising	1,515	-	8,454	9,969	1,838	25,177	36,984	10,962
Other expenses	5,445	-	7,511	12,956	26,719	4,255	43,930	68,573
Bad debt expense	-	-	-	-	157,685	-	157,685	32,022
Bank service charges	13,702	-	9,489	23,191	5,265	9,342	37,798	30,008
Books and subscriptions	38,620	-	76,274	114,894	3,623	6,953	125,470	103,801
Food services	-	-	170,345	170,345	-	-	170,345	166,219
Meals and entertainment	16,987	-	-	16,987	1,820	4,453	23,260	6,790
Travel, meals and entertainment	41,675	181	19,651	61,507	39,048	82,384	182,939	111,866
Postage and shipping	1,742	250	98,432	100,424	4,660	51,944	157,028	123,057
Supplies	9,764	491	6,864	17,119	26,938	6,640	50,697	48,759
Service contracts	11,506	-	2,400	13,906	53,581	15,413	82,900	93,932
Facilities, repairs, and maintenance	224,338	21,011	131,512	376,861	109,383	4,913	491,157	438,186
Seminars, conferences and honoraria	60,232	-	10,501	70,733	12,154	38,147	121,034	64,941
Publications cost	-	-	384,464	384,464	-	-	384,464	414,893
Depreciation	289,129	19,668	159,625	468,422	59,245	-	527,667	534,566
	$ 1,831,023	$ 133,726	$ 1,452,615	$ 3,417,364	$ 1,213,181	$ 632,121	$ 5,262,666	$ 4,659,388

See notes to financial statements

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

Statements of Cash Flows

	Year Ended June 30, 2019	Year Ended June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (612,576)	$ 61,368
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	527,667	534,566
Realized and unrealized gain on investments	(75,410)	(465,414)
Bad debt expense, student services	25,884	24,522
Bad debt expense, bookstore	(761)	-
Bad debt expense, advancement	132,562	7,500
Contributions restricted for endowments	(217,759)	(579,230)
Gain on sale of asset held for sale	(335,842)	-
Actuarial change in value of annuity and life trust payable	10,051	(1,643)
Liability portion of matured annuity and life trust agreements	(96,992)	-
Changes in:		
Accounts receivable	(52,286)	40,391
Prepaid expenses	2,900	(1,786)
Inventory	58,259	32,725
Pledges receivable	58,541	(2,435)
Cash surrender value of life insurance	(1,533)	5,034
Accounts payable and accrued expenses	31,978	49,023
Deferred revenue	89,962	23,892
Net Cash Used By Operating Activities	(455,355)	(271,487)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(4,803,065)	(2,801,479)
Proceeds from maturity or sale of investments	4,871,438	2,573,400
Purchase of property and equipment	(316,533)	(198,663)
Proceeds from sale of asset held for sale	533,683	-
Net Cash Provided (Used) By Investing Activities	285,523	(426,742)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for endowments	217,759	579,230
Payments to annuitants	(10,086)	(10,086)
Net Cash Provided By Financing Activities	207,673	569,144
Change in Cash and Cash Equivalents	37,841	(129,085)
Cash and Cash Equivalents, Beginning of Year	4,043	133,128
Cash and Cash Equivalents, End of Year	$ 41,884	$ 4,043
SUPPLEMENTAL INFORMATION:		
Cash paid for interest–none capitalized	$ -	$ 190

See notes to financial statements

1. NATURE OF ORGANIZATION:

St. Vladimir's Orthodox Theological Seminary (Seminary) is a graduate professional school chartered and approved by the Board of Regents of the University of the State of New York and accredited nationally by the Association of Theological Schools. The Seminary's two-fold mission is to adequately prepare educated clergy and leaders to serve the Orthodox faithful in this country and abroad, and to promote study and research in Orthodox theology, history and culture. The Seminary's primary sources of revenue are tuition and related fees, charitable contributions, investment earnings and income from auxiliary enterprises (including student housing and food service income and seminary press and bookstore sales).

The Seminary is a not-for-profit corporation organized under the not-for-profit laws of the State of New York, and chartered as an education corporation by the Education Department of the State of New York. The Seminary is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, the Seminary is subject to federal income tax on any unrelated business income. In addition, the Seminary has not been classified as a private foundation within the meaning of Section 509(a) of the IRC.

2. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Seminary have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). 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. The significant accounting policies followed are described below.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent cash on deposit, cash on hand and all highly liquid investments purchased with original maturities of three months or less. These accounts, at times, exceed federally insured limits. The Seminary's cash balances did not exceed federally insured limits for the years ended June 30, 2019 and 2018. The Seminary has not experienced any loss on these accounts and does not believe that it is exposed to any significant risk.

ACCOUNTS RECEIVABLE

Accounts receivable primarily represents the balance of student tuition charges and other miscellaneous charges owed to the Seminary, as well as balances owed by customers on press/bookstore sales. The Seminary has established an allowance for doubtful accounts to provide for potential losses in the various receivable accounts. The allowances for doubtful accounts are established through a provision for losses and charged to expense. Receivables are charged against the allowance when management believes that collection is unlikely. The allowance is an amount that management believes will be adequate to absorb losses on existing receivables that may become uncollectible, based on evaluations that take into consideration such factors as changes in the nature and volume of receivables, review of specific problem receivables, and current economic conditions that may affect collection.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS RECEIVABLE, continued
Accounts receivable balances are as follows:

	June 30, 2019	June 30, 2018
Student tuition receivable	$ 163,273	$ 119,352
Bookstore receivable	116,009	115,889
	279,282	235,241
Less: Allowance for uncollectible student tuition receivables	(87,798)	(70,159)
Less: Allowance for uncollectible bookstore receivables	(16,403)	(17,164)
	$ 175,081	$ 147,918

INVENTORY
The Seminary's bookstore inventory consists primarily of publications and is stated at the lower of cost or net realizable value utilizing the first-in, first-out method.

PLEDGES RECEIVABLE
Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges that are expected to be collected within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, using a risk adjusted discount rate of 3%. An allowance for uncollectible pledges receivable is provided based upon managements judgement, including such factors as prior collection history, type of contribution and nature of fundraising activity.

ASSETS HELD FOR SALE
Assets are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as being met only when the sale is highly probable and the assets are available for immediate sale in their present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Assets designated as held for sale are recorded at the lower of carrying amount at the time the classification as held for sale was made or fair value less costs to sell. Depreciation is not charged against property and equipment classified as held for sale.

As of June 30, 2019, assets held for sale consists of one residential property owned by the Seminary. The carrying amount of this property is $45,444. During the year ended June 30, 2019, the Seminary closed on the sale of another residential property. The gain on sale amounted to approximately $336,000 and is presented as a component of other income in the statements of activities.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ASSETS HELD FOR SALE, continued
As of June 30, 2018, assets held for sale consisted of two residential properties owned by the Seminary, whose carrying amounts were $197,841 and $31,391, for the year ended June 30, 2018.

INVESTMENTS
Investments comprise cash held in brokerage accounts, money market funds, marketable debt and equity securities, and are reported at fair value. Donated investments are reported at fair value on the date of the gift and then reported at fair value at the end of each year. Unrealized gains and losses, dividends and interest, net of fees, are included in endowment and investment income without donor restrictions in the statements of activities unless a donor restriction or state law restricts their use. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the financial statements.

PROPERTY AND EQUIPMENT
Additions to property and equipment in excess of $5,000 are recorded at cost or, if donated, at the fair value on the date of the gift. Expenditures for maintenance and repairs are expensed as incurred. Donated property and equipment are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	30 to 40 years
Library books and media	5 to 10 years
Furniture, equipment and vehicles	5 to 10 years

The Seminary reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the facility and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in the years ended June 30, 2019 and 2018.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ANNUITY AND LIFE TRUST PAYABLE

The Seminary has entered into several charitable gift annuity and charitable remainder unitrust agreements whereby the donor contributes assets in exchange for distributions for a specified period of time to the donor or other beneficiaries. At the end of the specified time, the remaining assets are available for the Seminary's use. Assets received are recorded at fair value on the date the agreement or unitrust is recognized, and a liability equal to the present value of the future distributions is recorded. The difference between the fair value of the assets received and the liability to the donor or other beneficiaries is recognized as contribution revenue. The Seminary revalues the liability based on applicable mortality tables and discount rates, which vary from 7.0% to 8.0%. Annuity and life trust distributions amounted to $10,086 for both years ended June 30, 2019 and 2018, respectively.

FAIR VALUE MEASUREMENTS

The Seminary follows the updated provisions of the *Fair Value Measurements and Disclosure* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The following disclosure of estimated fair value of financial instruments is made in accordance with the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1–Inputs are quoted prices (unadjusted) in active markets for identical investments that the Seminary has the ability to access at the measurement date; Level 2–Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and Level 3–Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Seminary uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Seminary measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies used for the years ended June 30, 2019 and 2018.

Corporate equity securities and exchange traded funds

Valued at the closing price reported on the active market on which the individual securities are traded.

Government and agency bonds

Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basic value on yields currently available on comparable securities with issuers of similar credit ratings.

Mutual funds

Valued at the daily closing price as reported by the fund and quoted in active markets.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS
The financial statements report amounts separately by class of net assets. Net assets are classified based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions are those which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the Seminary to utilize funds in furtherance of its mission.

Net assets with donor restrictions are those contributed with donor stipulations for specific purposes or those with time restrictions. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Net assets with donor restrictions are also those that are subject to donor-imposed restrictions that will never lapse, thus requiring the funds to be held in perpetuity. Generally, the donors of these funds permit the Seminary to use all or part of the income earned on related investments, and the net capital appreciation thereon, for general or specific purposes.

REVENUE, SUPPORT AND EXPENSES
Revenues are recognized when earned. Tuition and fees received for the next school term are deferred until the instruction commences. For school terms that span from one fiscal year to the next, tuition and fee revenue is deferred ratably. The Seminary reports gifts of cash and other assets (including gifts of property and equipment) are recorded at their fair values at the date of donation as restricted revenue if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. Absent explicit donor stipulations about how gifts of property and equipment must be maintained, the Seminary reports expirations of donor restrictions when the donated or acquired property and equipment are placed in service. Gains and losses on investments and other assets or liabilities are recognized in the period earned or incurred and are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Donated services that create or enhance non-financial assets or that require specialized skills, provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. There were no such donations during the years ended June 30, 2019 and 2018.

During the year ended June 30, 2019, three donors made contributions to the Seminary totaling approximately 20% of contribution and grant revenue and 8% of total revenue and support. During the year ended June 30, 2018, one donor made contributions to the Seminary totaling approximately 25% of contribution and grant revenue and 11% of total revenue and support.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUE, SUPPORT AND EXPENSES, continued

Expenses are recognized in the period incurred and are reported as decreases in net assets without donor restrictions. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to program, general and administrative and fundraising on the basis of periodic time and expense studies. General and administrative and fundraising expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Seminary. The categories of expenses that are allocated include salaries and benefits, depreciation, and facilities repairs and maintenance. The Seminary incurred no joint costs for the years ended June 30, 2019 and 2018.

SALES TAXES

The Seminary collects sales taxes imposed on nonexempt customers. The Seminary's policy is to exclude the tax collected and remitted from sales and cost of sales. Any unpaid amounts are included in accounts payable and accrued expenses until remitted to the appropriate taxing jurisdiction.

RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* . The Seminary adopted the provisions of this new standard during the year ended June 30, 2019. Significant changes include:

• Temporarily restricted and permanently restricted net asset classes are now referred to as net assets with donor restrictions.
• Unrestricted net asset class is now referred to as net assets without donor restrictions.
• Statements of functional expenses by functional and natural classification were added.
• Disclosures related to functional allocation of expenses were expanded.
• The financial statements include a new disclosure regarding liquidity and the availability of resources.

RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* , which supersedes nearly all existing revenue recognition guidance under GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods and services. ASU 2014-09 defines a five-step process to achieve this and, in doing so, more judgement and estimates may be required within the revenue recognition process than are required under existing GAAP. The standard is effective for annual periods beginning after December 31, 2018, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The Seminary is currently evaluating the impact of its pending adoption of ASU 2014-09 on the financial statements and has not yet determined the method by which the Seminary will adopt the standard for the fiscal year ending June 30, 2020.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Seminary's financial assets as of June 30, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, perpetual endowments and accumulated earnings net of appropriations within one year, or because the governing board has set aside the funds for specific purposes.

Financial assets:	
Cash and cash equivalents	$ 41,884
Accounts receivable, net	175,081
Pledges receivable, net	51,374
Investments	12,523,280
Cash surrender value of life insurance	181,970
Financial assets, at year end	12,973,589
Less those unavailable for general expenditure within one year, due to:	
Cash surrender value of life insurance not expected to be converted within one year	(181,970)
Pledges receivable expected to be collected beyond one year	(53,076)
Perpetual and board designated endowments and accumulated earnings, net of underwater endowments and internal borrowing from endowments	(12,470,707)
Financial assets available to meet cash needs for general expenditures within one year	$ 267,836

In addition to tuition, fees, and auxiliary enterprises, the Seminary is substantially supported by contributions without and with donor restrictions. Those contributions with donor restriction require resources to be used in a particular manner or in a future period. The Seminary must maintain sufficient resources to meet those responsibilities to its donors. Thus, at times financial assets may not be available for general expenditure within one year. The Seminary has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. PLEDGES RECEIVABLE:

Pledges receivable consist of the following:

	June 30, 2019	June 30, 2018
Due in less than one year	$ 28,202	$ 122,978
Due in one to five years	53,076	100,950
Due in more than five years	-	64,000
	81,278	287,928
Less: allowance for uncollectible pledges	(25,108)	(23,667)
Less: unamortized discount	(4,796)	(21,784)
	$ 51,374	$ 242,477

5. INVESTMENTS:

Investments consist of the following:

	June 30, 2019	June 30, 2018
Cash and money market funds	$ 322,320	$ 714,850
Equity securities	2,414,144	2,295,719
Mutual funds	4,212,785	4,195,918
Exchange traded funds	5,129,031	4,812,257
Government and agency bonds	-	25,164
Other investments	445,000	472,335
	$ 12,523,280	$ 12,516,243

Endowment and investment income consists of the following:

	Year Ended June 30, 2019	Year Ended June 30, 2018
Interest and dividends	$ 439,506	$ 331,744
Realized gains	67,921	336,987
Unrealized gains	7,489	128,427
Investment fees	(32,994)	(73,499)
	$ 481,922	$ 723,659

6. FAIR VALUE MEASUREMENTS:

The following table sets forth by level, within the fair value hierarchy, the Seminary's assets at fair value measured on a recurring basis for the years ended June 30, 2019 and 2018:

	June 30, 2019			
		Fair Value Disclosure		
	Total	Level 1	Level 2	Level 3
Investments measured using hierarchical valuation techniques:				
Money market funds held in brokerage accounts	$ 284,201	$ 284,201	$ -	$ -
Equity securities	2,414,144	2,414,144	-	-
Mutual funds	4,212,785	4,212,785	-	-
Exchange traded funds	5,129,031	5,129,031	-	-
	12,040,161	12,040,161	-	-
Investments measured at net asset value:				
Limited partnership	445,000	-	-	-
	12,485,161	$ 12,040,161	$ -	$ -
Cash and cash equivalents in brokerage accounts held at cost	38,119			
	$ 12,523,280			

The Seminary uses Net Asset Value (NAV) to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with measurement principles of an investment company or have attributes of an investment company. The Seminary is invested in one fund measured at NAV as of June 30, 2019:

Strategy	NAV in fund	Remaining life	Redemption terms / restrictions
Limited partnership focusing on investments in natural resources	$ 445,000	3.5 years	N/A - this fund is in a partnership structure with no ability to redeem.

6. FAIR VALUE MEASUREMENTS, continued:

	June 30, 2018			
		Fair Value Disclosure		
	Total	Level 1	Level 2	Level 3
Investments measured using hierarchical valuation techniques:				
Money market funds held in brokerage accounts	$ 675,751	$ 675,751	$ -	$ -
Equity securities	2,295,719	2,295,719	-	-
Mutual funds	4,195,918	4,195,918	-	-
Exchange traded funds	4,812,257	4,812,257	-	-
Government and agency bonds	25,164	25,164	-	-
	12,004,809	12,004,809	-	-
Investments measured at net asset value:				
Limited partnership	472,335	-	-	-
	12,477,144	$ 12,004,809	$ -	$ -
Cash and cash equivalents in brokerage accounts held at cost	39,099			
	$ 12,516,243			

The Seminary uses Net Asset Value (NAV) to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with measurement principles of an investment company or have attributes of an investment company. The Seminary is invested in one fund measured at NAV as of June 30, 2018:

Strategy	NAV in fund	Remaining life	Redemption terms / restrictions
Limited partnership focusing on investments in natural resources	$ 472,335	4.5 years	N/A - this fund is in a partnership structure with no ability to redeem.

7. PROPERTY AND EQUIPMENT:

Property and equipment are summarized as follows:

	June 30, 2019	June 30, 2018
Land	$ 698,340	$ 698,340
Land improvements	649,602	649,602
Building and improvements	19,463,649	19,180,469
Library books and media	1,394,074	1,380,350
Furniture and equipment	886,964	881,388
Vehicles	61,694	61,694
	23,154,323	22,851,843
Less: accumulated depreciation	(12,308,809)	(11,781,142)
	$ 10,845,514	$ 11,070,701

Depreciation expense for the years ended June 30, 2019 and 2018, amounted to $527,667 and $534,566, respectively.

8. COMMITMENTS:

The Seminary has available an open ended loan with its primary brokerage, with no fixed maturity date. Interest on any outstanding balances is at 3% below the brokerage's base lending rate. The loan is secured by the value of a specified investment account at the brokerage. There were no outstanding borrowings on this loan as of June 30, 2019 and 2018.

The Seminary was also required to obtain a letter of credit in an amount up to $69,704 from a bank related to its participation in federal student financial aid programs. The letter of credit expires on April 15, 2020.

9. NET ASSETS:

Net assets consist of:

	June 30, 2019	June 30, 2018
Net assets without donor restrictions:		
Undesignated	$ 7,086,455	$ 7,758,898
Board designated for endowment	951,227	1,106,317
Total net assets without donor restrictions	8,037,682	8,865,215
Net assets with donor restrictions:		
Subject to expenditure for a specified time or purpose:		
Scholarship and student aid funds	225,245	116,651
Other restricted purposes	35,507	81,216
Pledges receivable, net	51,374	242,477
	312,126	440,344

9. NET ASSETS, continued:

	June 30, 2019	June 30, 2018
Subject to the Seminary's endowment spending policy and appropriation:		
Accumulated gains (losses) on endowment assets	3,217,317	3,091,901
Endowment funds restricted in perpetuity	12,491,675	12,273,916
	15,708,992	15,365,817
Total net assets with donor restrictions	16,021,118	15,806,161
Total net assets	$ 24,058,800	$ 24,671,376

Net assets released from restrictions consists of the following:

	Year Ended June 30, 2019	Year Ended June 30, 2018
Purpose and time restrictions:		
Scholarship and student aid funds	$ 321,768	$ 191,181
Endowment appropriations for expenditure	366,685	382,494
Other restricted purposes	63,035	198,075
Pledges receivable, net	191,103	65,736
	$ 942,591	$ 837,486

10. ENDOWMENT FUNDS:

The Seminary maintains various donor-restricted and board designated funds whose purpose is to provide long-term support for its programs. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions as specified in the summary of Significant Accounting Policies outlined in these notes.

In classifying such funds for financial statement purposes as either net assets with donor restrictions or net assets without donor restrictions, the Seminary looks to the explicit directions of the donor where applicable and the provisions of the laws of the State of New York. The Seminary classifies as net assets with donor restrictions required to be held in perpetuity (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 remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions required to be held in perpetuity is classified as net assets with donor restrictions subject to the Seminary's spending policy and appropriation until those amounts are appropriated for expenditure by the Seminary.

10. ENDOWMENT FUNDS, continued:

The Seminary considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Seminary and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Seminary
(7) The investment policies of the Seminary

ENDOWMENT INVESTMENT AND SPENDING POLICIES

The Board of Trustees of the Seminary, acting through its Investment Committee, has established an endowment spending policy to support the current level of income needed from the endowment, while sustaining the long-term purchasing power of the endowment assets. The Seminary utilizes a total return investment approach with its asset allocation diversified over multiple asset classes and sub-classes. Endowment return objectives are to exceed composite benchmark results of approximately nine percent (9%) over the long-term with a moderate level of risk. In order to achieve this objective, the Seminary follows the strategy of weighing the asset allocation to higher yielding asset classes, including equities and alternative investments, with marginally higher risk characteristics. The total return objective includes the funding of both the current year spending rate amount and the amount required to be retained pursuant to the Seminary's interpretation of State law.

Endowment net assets by type of fund as of June 30, 2019, are as follows:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	Total Funds
Board-designated funds	$ 951,227	$ -	$ -	$ -	$ 951,227
Donor-restricted funds	-	12,491,675	3,217,317	15,708,992	15,708,992
	$ 951,227	$ 12,491,675	$ 3,217,317	$ 15,708,992	$ 16,660,219

10. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended June 30, 2019, are as follows:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	Total Funds
Endowment net assets - beginning of year	$ 1,106,317	$ 12,273,916	$ 3,091,901	$ 15,365,817	$ 16,472,134
Contributions	100,000	217,759	44,934	262,693	362,693
Investment return, net	32,314	-	447,167	447,167	479,481
Amounts appropriated for expenditure	(287,404)	-	(366,685)	(366,685)	(654,089)
	(155,090)	217,759	125,416	343,175	188,085
Endowment net assets - end of year	$ 951,227	$ 12,491,675	$ 3,217,317	$ 15,708,992	$ 16,660,219

Endowment net assets by type of fund as of June 30, 2018, are as follows:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	Total Funds
Board-designated funds	$ 1,106,317	$ -	$ -	$ -	$ 1,106,317
Donor-restricted funds	-	12,273,916	3,091,901	15,365,817	15,365,817
	$ 1,106,317	$ 12,273,916	$ 3,091,901	$ 15,365,817	$ 16,472,134

10. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended June 30, 2018, are as follows:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	Total Funds
Endowment net assets - beginning of year	$ 1,120,678	$ 11,694,686	$ 2,776,901	$ 14,471,587	$ 15,592,265
Contributions	-	579,230	27,325	606,555	606,555
Investment return, net	51,610	-	670,169	670,169	721,779
Amounts appropriated for expenditure	(65,971)	-	(382,494)	(382,494)	(448,465)
	(14,361)	579,230	315,000	894,230	879,869
Endowment net assets - end of year	$ 1,106,317	$ 12,273,916	$ 3,091,901	$ 15,365,817	$ 16,472,134

FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Seminary to retain as a fund of perpetual duration. As of June 30, 2019 and 2018, there were 44 and 39, respectively, individual donor-restricted endowment funds for which the fair value of assets allocated to the funds was below the level that the donor requires the Seminary to retain as a fund of perpetual duration by a total of $1,107,769 and $908,550, respectively. The primary reason for the deficits is internal borrowing by the Seminary from endowment assets to fund debt repayment and prior year operating deficits.

The effect of internal borrowing on total endowment assets, including both board-designated funds and donor-restricted funds is as follows:

	June 30,	
	2019	2018
Endowment net assets	$ 16,660,219	$ 16,472,134
Less: cumulative internal borrowing from endowments for:		
Debt repayment	(2,639,503)	(2,639,503)
Operating deficits	(1,550,009)	(1,176,160)
Endowment assets available	$ 12,470,707	$ 12,656,471

11. MULTIPLE EMPLOYER PENSION PLAN:

The Seminary participates in the Orthodox Church in America Pension Plan (the "Plan"), which is a multi-employer plan. The plan provides defined benefits with participation available to all full-time employees. The Seminary contributes 8% of each employee's salary, and the employee contributes 6%. Substantially all full-time employees participate in the Plan. This multi-employer plan, administered by the pension board of the Orthodox Church in America, is a contributory plan, and provides defined benefits based on years of service and remuneration near retirement.

The risks of participating in this multi-employer plan differ from single-employer plans in the following aspects:

a) Assets contributed to the Plan by one employer may be used to provide benefits to employees of other participating employers;
b) If a participating employer stops contributing to the Plan, the unfunded obligations of the Plan may be borne by the remaining participating employers;
c) If the Seminary chooses to stop participating in the Plan, it may be required to pay to the Plan an amount based on the underfunded status of the Plan, referred to as a withdrawal liability.

Full-time employees are eligible to participate in the Plan on the first day of the month after their date of hire. Participants with five years of services are entitled to pension benefits upon retirement. Pension benefits are provided to participants under several types of retirement options based upon years of service and age. Retirement benefits are paid to pensioners or beneficiaries in various forms of joint and survivor annuities, including a lump-sum payment option. Pension expense, representing the Seminary's required contributions to the Plan, was $104,897 and $99,540 for the years ended June 30, 2019 and 2018, respectively. The contribution made by the Seminary represented approximately 4.1% and 4.0% for the years ended June 30, 2019 and 2018, respectively, of the total contributions made to the Plan. To the extent the Plan is underfunded, future contributions to the Plan may increase. The Seminary has no intention of withdrawing from the Plan.

The Plan is a non-electing church plan which means the Plan sponsor has not elected to be covered by the terms of the Employee Retirement Income Security Act of 1974 (ERISA), and is not required to file Form 5500. The Plan's fiscal year is from January 1 to December 31. The most recent available data from the Plan is for the Plan year ended December 31, 2018. Information as to the portion of accumulated pension plan benefits and plan assets is not reported separately by the Church's sponsored pension plan.

Contributions from all employers to the Plan during the Plan year are as follows:

	FEIN	2018	2017
Orthodox Church in America Pension Plan	06-1455789	$ 2,567,215	$ 2,465,474

As of the Plan years ending December 31, 2018 and 2017, the Plan's total net assets available for benefits were $22,589,895 and $25,879,380, respectively, and the actuarial present value of accumulated Plan benefits was $52,989,527 and $50,971,156, respectively. As of both Plan years ending December 31, 2018 and 2017, the Plan was less than 65% funded.

12. RELATED PARTY TRANSACTIONS:

Members of the board of trustees contributed approximately $342,000 and $455,000 to the Seminary during the years ended June 30, 2019 and 2018, respectively. These contributions represent 18% and 21% of total contributions for the years ended June 30, 2019 and 2018, respectively.

13. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through November 14, 2019, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.