



ST. VLADIMIR'S ORTHODOX THEOLOGICAL  
SEMINARY

Financial Statements  
With Independent Auditors' Report

June 30, 2021 and 2020

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

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## 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, 2021 and 2020, 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.

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, 2021 and 2020, 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.

*Capin Crouse LLP*

New York, New York  
November 11, 2021

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Statements of Financial Position

	June 30,	
	2021	2020
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 313,017	\$ 448,618
Accounts receivable-net	167,487	237,552
Prepaid expenses	60,784	11,885
Inventory	817,586	668,799
Pledges receivable-net	283,208	38,973
Cash surrender value of life insurance	200,347	185,037
Investments	15,928,979	12,582,476
Property and equipment-net	10,063,128	10,409,434
<b>Total Assets</b>	<b>\$ 27,834,536</b>	<b>\$ 24,582,774</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 499,123	\$ 326,705
Deferred revenue	189,700	176,780
Refundable advance	-	499,730
<b>Total liabilities</b>	<b>688,823</b>	<b>1,003,215</b>
Net assets:		
Without donor restrictions	8,300,215	7,869,925
With donor restrictions	18,845,498	15,709,634
<b>Total net assets</b>	<b>27,145,713</b>	<b>23,579,559</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 27,834,536</b>	<b>\$ 24,582,774</b>

See notes to financial statements

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Statements of Activities

	Year Ended June 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT AND RECLASSIFICATIONS:</b>						
Net tuition and fees	\$ 313,642	\$ -	\$ 313,642	\$ 318,566	\$ -	\$ 318,566
Contributions	2,187,264	865,592	3,052,856	1,525,804	567,667	2,093,471
Government grants	900,943	-	900,943	-	-	-
Endowment and investment income, net	260,600	2,875,715	3,136,315	2,516	(122,211)	(119,695)
Auxiliary enterprises	1,886,752	-	1,886,752	1,900,279	-	1,900,279
Gain on sale of assets held for sale	-	-	-	495,236	-	495,236
Other income	42,408	-	42,408	34,180	-	34,180
Total revenue and support	5,591,609	3,741,307	9,332,916	4,276,581	445,456	4,722,037
Net assets released from restrictions	605,443	(605,443)	-	756,940	(756,940)	-
Total Revenue, Support, and Reclassifications	6,197,052	3,135,864	9,332,916	5,033,521	(311,484)	4,722,037
<b>EXPENSES:</b>						
Program services	3,615,480	-	3,615,480	3,451,879	-	3,451,879
Supporting services:						
General and administrative	1,494,463	-	1,494,463	1,147,418	-	1,147,418
Fundraising	656,819	-	656,819	601,981	-	601,981
Total Expenses	5,766,762	-	5,766,762	5,201,278	-	5,201,278
Change in Net Assets	430,290	3,135,864	3,566,154	(167,757)	(311,484)	(479,241)
Net Assets, Beginning of Year	7,869,925	15,709,634	23,579,559	8,037,682	16,021,118	24,058,800
Net Assets, End of Year	\$ 8,300,215	\$ 18,845,498	\$ 27,145,713	\$ 7,869,925	\$ 15,709,634	\$ 23,579,559

See notes to financial statements

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services			Supporting Services			Total
	Academic and Student Services	Public Service	Auxiliary Enterprises	Total Program Services	General and Administrative	Fundraising	
Salaries and benefits	\$ 1,101,036	\$ 93,087	\$ 433,017	\$ 1,627,140	\$ 786,653	\$ 397,658	\$ 2,811,451
Depreciation expense	277,940	27,794	166,764	472,498	61,147	22,235	555,880
Professional and consulting fees	68,993	10,135	9,717	88,845	308,967	144,918	542,730
Facilities, repairs, and maintenance	233,092	23,309	140,078	396,479	69,928	-	466,407
Publications cost	-	-	261,726	261,726	-	-	261,726
Outside services	45,630	4,563	37,182	87,375	119,125	900	207,400
Food services	887	-	160,214	161,101	180	-	161,281
Postage and shipping	4,500	20	122,042	126,562	1,384	12,087	140,033
Books and subscriptions	40,934	-	84,233	125,167	7,025	7,523	139,715
CARES grants to students	118,221	-	-	118,221	-	-	118,221
Advertising and promotion	-	-	39,067	39,067	13,563	33,107	85,737
Technology and equipment	14,329	-	-	14,329	45,398	377	60,104
Supplies	11,225	715	14,005	25,945	28,825	1,425	56,195
Bank service charges	18,127	2	15,980	34,109	3,896	8,409	46,414
Other expenses	9,071	211	6,472	15,754	6,028	15,217	36,999
Travel, meals and entertainment	9,002	660	1,784	11,446	11,684	774	23,904
Seminars, conferences and honoraria	2,485	-	4,597	7,082	702	15,763	23,547
Dues and fees	1,604	-	1,030	2,634	16,447	70	19,151
Bad debt expense	-	-	-	-	13,511	(3,644)	9,867
	<u>\$ 1,957,076</u>	<u>\$ 160,496</u>	<u>\$ 1,497,908</u>	<u>\$ 3,615,480</u>	<u>\$ 1,494,463</u>	<u>\$ 656,819</u>	<u>\$ 5,766,762</u>

See notes to financial statements

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services				Supporting Services		
	Academic and Student Services	Public Service	Auxiliary Enterprises	Total Program Services	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 937,397	\$ 78,469	\$ 415,145	\$ 1,431,011	\$ 722,992	\$ 360,489	\$ 2,514,492
Depreciation expense	265,706	26,571	159,424	451,700	79,712	-	531,412
Professional and consulting fees	119,978	2,833	19,167	141,978	55,396	132,318	329,692
Facilities, repairs, and maintenance	201,447	20,145	120,868	342,459	60,434	-	402,893
Publications cost	-	-	442,256	442,256	-	-	442,256
Outside services	43,590	3,106	26,644	73,339	93,677	-	167,016
Food services	7,047	-	174,869	181,916	-	1,050	182,966
Postage and shipping	203	-	111,733	111,936	71	9,091	121,098
Books and subscriptions	29,789	120	73,343	103,252	4,656	2,135	110,043
Advertising and promotion	100	369	24,091	24,560	-	17,778	42,338
Technology and equipment	1,934	-	859	2,793	59,433	11,449	73,675
Supplies	11,391	788	13,730	25,909	17,541	735	44,185
Bank service charges	18,203	7	13,720	31,930	5,784	7,604	45,317
Other expenses	4,315	118	6,340	10,772	13,896	6,261	30,929
Travel, meals and entertainment	39,634	1,847	13,150	54,631	16,897	7,253	78,781
Seminars, conferences and honoraria	16,637	-	11,830	28,467	2,544	21,370	52,381
Dues and fees	2,590	10	961	3,561	14,385	421	18,367
Bad debt expense	(10,023)	-	(567)	(10,590)	-	24,027	13,437
	<u>\$ 1,689,936</u>	<u>\$ 134,382</u>	<u>\$ 1,627,562</u>	<u>\$ 3,451,879</u>	<u>\$ 1,147,418</u>	<u>\$ 601,981</u>	<u>\$ 5,201,278</u>

See notes to financial statements



# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 3,566,154	\$ (479,241)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	555,880	531,412
Realized and unrealized (gain) loss on investments	(2,599,382)	523,992
Bad debt expense	9,867	13,437
Contributions restricted for endowments	(586,666)	(181,791)
Gain on sale of asset held for sale	-	(495,236)
Forgiveness of paycheck protection program refundable advance (Note 2)	(499,730)	-
Changes in:		
Accounts receivable-net	56,554	(51,881)
Prepaid expenses	(48,899)	17,297
Inventory	(148,787)	115,178
Pledges receivable-net	9,409	(11,626)
Cash surrender value of life insurance	(15,310)	(3,067)
Accounts payable and accrued expenses	172,418	(82,941)
Deferred revenue	12,920	(32,480)
Refundable advance	-	499,730
Net Cash Provided By Operating Activities	484,428	362,783
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(12,752,879)	(6,983,350)
Proceeds from sale of investments	12,005,758	6,400,162
Purchase of property and equipment	(209,574)	(95,332)
Proceeds from sale of asset held for sale	-	540,680
Net Cash Used By Investing Activities	(956,695)	(137,840)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for endowments	336,666	181,791
Net Cash Provided By Financing Activities	336,666	181,791
Change in Cash and Cash Equivalents	(135,601)	406,734
Cash and Cash Equivalents, Beginning of Year	448,618	41,884
Cash and Cash Equivalents, End of Year	\$ 313,017	\$ 448,618
<b>SUPPLEMENTAL INFORMATION:</b>		
Noncash operating transaction:		
Paycheck protection program refundable advance forgiveness recognized as government grants (Note 2)	\$ 499,730	\$ -

See notes to financial statements

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2021 and 2020

### 1. NATURE OF ORGANIZATION:

St. Vladimir's Orthodox Theological Seminary (Seminary) is a seminary 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 exceeded federally insured limits by \$15,363 and \$80,722 for the years ended June 30, 2021 and 2020, respectively. The Seminary has not experienced any loss on these accounts and does not believe that it is exposed to any significant risk. The Seminary did not have any restricted cash at June 30, 2021 and 2020.

#### 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.

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2021 and 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### ACCOUNTS RECEIVABLE, continued

Accounts receivable balances are as follows:

	June 30,	
	2021	2020
Student tuition receivable	\$ 104,980	\$ 142,944
Bookstore receivable	118,736	158,359
	<u>223,716</u>	<u>301,303</u>
Less: Allowance for uncollectible student tuition receivables	(44,355)	(47,915)
Less: Allowance for uncollectible bookstore receivables	<u>(11,874)</u>	<u>(15,836)</u>
	<u>\$ 167,487</u>	<u>\$ 237,552</u>

#### 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 management's judgement, including such factors as prior collection history, type of contribution and nature of fundraising activity. As of June 30, 2021 and 2020, management believes all pledges are collectible and therefore, no allowance has been recorded.

#### INVESTMENTS

Investments comprise money market funds, marketable debt and equity securities, and are reported at fair value. Investments also include cash held in brokerage accounts and a note receivable held at cost, as well as an investment in a limited partnership held at net asset 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. Realized and unrealized gains and losses and 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.

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2021 and 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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, 2021 and 2020.

#### 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.

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2021 and 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### FAIR VALUE MEASUREMENTS, continued

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, 2021 and 2020.

#### *Equity securities, mutual and exchange-traded funds*

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

#### *Limited partnerships*

Valued using net asset value (NAV) as a practical expedient, as determined by the fund's professional managers, and are excluded from the fair value hierarchy.

#### REFUNDABLE ADVANCE

The Seminary was approved for a Paycheck Protection Program (PPP) loan of \$499,730, on April 18, 2020, through the Coronavirus Aid, Relief, and Economic Security Act and administered by the Small Business Administration, and is carried as a refundable advance in the statements of financial position. The loan accrues interest at 1.00% per annum and matures two years from the date it was funded. This loan may be forgiven up to the full amount if requirements set by the Small Business Administration are met. The Seminary applied for and received notification of full forgiveness during the year ended June 30, 2021, which was recorded as a component of government grants in the statements of activities. The Seminary has adopted a policy with respect to recognition of the forgiveness of reporting the restricted income as net assets without donor restrictions due to the simultaneous release from restrictions upon recognition of the revenue.

#### 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.

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2021 and 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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 recognizes revenue from student tuition and fees within the fiscal year in which educational services are provided. Academic programs are delivered in the Fall and Spring academic terms, which fall entirely within the fiscal year. Need-based institutional aid, in the form of scholarships and financial aid, includes amounts funded by the institution as well as by gifts, and reduces the published price of tuition for students receiving such aid. As such, institutional aid is referred to as a tuition discount and represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student. Payments for tuition and fees are due before the first day of class, unless a student makes arrangements with the Seminary to pay in installments, the first of which is due at the beginning of the term. All balances must be paid in full for the previous term before a student is permitted to register for a new term. First-time students are required to pay a \$75 nonrefundable application fee at the time their application is submitted. Students secure their enrollment by paying a \$500 nonrefundable enrollment deposit. Deferred revenue amounts for student deposits and tuition for future terms are shown in Note 8. Net tuition and fees are as follows:

	Year Ended June 30,	
	2021	2020
Gross tuition and fees	\$ 808,297	\$ 872,181
Less: scholarships and financial aid	<u>(494,655)</u>	<u>(553,615)</u>
	<u>\$ 313,642</u>	<u>\$ 318,566</u>

Contributions are recognized when cash is received, unconditional promises are made or when ownership of donated assets is transferred. Donated assets (including gifts of property and equipment) are recorded at their fair values at the date of donation. The Seminary reports gifts of cash and donated assets received for general purposes as contributions without donor restrictions. The Seminary reports gifts of cash and donated assets as contributions with donor restrictions if they are received with donor stipulations that limit their use to particular purposes. 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.

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2021 and 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### REVENUE, SUPPORT AND EXPENSES, continued

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, 2021 and 2020.

During the year ended June 30, 2021, three donors made contributions to the Seminary totaling approximately 40% of contribution revenue and 13% of total revenue and support. During the year ended June 30, 2020, three donors made contributions to the Seminary totaling approximately 18% of contribution and grant revenue and 8% of total revenue and support.

Government grants consist of CARES Act funding. The Seminary expended and recognized as government grants, in the statements of activities, an allocation from the United States Department of Education (ED) of CARES Act "Higher Education Emergency Relief Funds" (HEERF) totaling \$401,213. \$118,221 was distributed directly to eligible students and \$282,992 was used to help the Seminary offset the financial impact from the COVID-19 pandemic.

In addition, as described previously in these notes, the Seminary received a PPP loan administered by the SBA under the CARES Act. The Seminary incurred the full \$499,730 of eligible costs and applied for and received notification of full loan forgiveness during the year ended June 30, 2021, which is recorded as a component of government grants in the statements of activities.

Auxiliary enterprises revenue includes fees for student housing and food services. Payments for student housing and food services are due before the first day of class, unless a student makes arrangements with the Seminary to pay in installments, the first of which is due at the beginning of the term. All balances must be paid in full for the previous term before a student is permitted to register for a new term. Performance obligations for housing and food services are delivered over the academic terms. Consequently, associated revenues are earned and recognized over the course of each term as the services are delivered. Auxiliary enterprises revenue also includes bookstore sales revenue, which is recognized at the point a sale is made. Revenues and expenses from auxiliary enterprises are reported as changes in net assets without donor restrictions.

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.

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2021 and 2020

### 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. Advertising is expensed as incurred. Advertising expenses totaled approximately \$11,000 and \$19,000 for the years ended June 30, 2021 and 2020, respectively. The Seminary incurred no joint costs for the years ended June 30, 2021 and 2020.

#### 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 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-19, *Revenue from Contracts with Customers* (topic 606 of the FASB Accounting Standards Codification). The Seminary adopted the provisions of this new standard during the year ended June 30, 2021. The new standard applies to exchange transactions with customers (students) that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. As a result of adopting this standard, new disclosures were added regarding tuition and fee revenue, auxiliary enterprises revenue, and revenue recognition.



# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2021 and 2020

### 3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Seminary's financial assets, 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.

	June 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 313,017	\$ 448,618
Accounts receivable, net	167,487	237,552
Pledges receivable, net	283,208	38,973
Investments	15,928,979	12,582,476
Financial assets, at year end	<u>16,692,691</u>	<u>13,307,619</u>
Less those unavailable for general expenditure within one year, due to:		
Pledges receivable expected to be collected beyond one year	(16,876)	(20,125)
Perpetual and board designated endowments and accumulated earnings, net of underwater endowments and internal borrowing from endowments	<u>(15,678,004)</u>	<u>(12,582,476)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 997,811</u>	<u>\$ 705,018</u>

In addition to tuition, fees, and auxiliary enterprises, the Seminary is substantially supported by contributions without and with donor restrictions. Those contributions with donor restrictions 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. To help manage liquidity needs, the Seminary has available a margin loan with its primary investment brokerage of approximately \$4,550,000 (Note 9), which was fully available as of both June 30, 2021 and 2020.

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2021 and 2020

4. PLEDGES RECEIVABLE-NET:

Pledges receivable-net consist of the following:

	June 30,	
	2021	2020
Due in less than one year	\$ 266,458	\$ 22,618
Due in one to five years	16,876	20,125
	283,334	42,743
Less: unamortized discount	(126)	(3,770)
	\$ 283,208	\$ 38,973

5. INVESTMENTS:

Investments consist of the following:

	June 30,	
	2021	2020
Cash and money market funds	\$ 1,823,846	\$ 1,035,334
Equity securities	2,288,569	2,270,754
Mutual and exchange-traded funds	11,400,164	8,653,613
Note receivable, at cost	250,000	250,000
Investment in limited partnership, at NAV	166,400	372,775
	\$ 15,928,979	\$ 12,582,476

Endowment and investment income consists of the following:

	Year Ended June 30,	
	2021	2020
Interest and dividends	\$ 597,441	\$ 458,340
Realized gains and unrealized gains (losses)	2,599,382	(523,992)
Investment fees	(60,508)	(54,043)
	\$ 3,136,315	\$ (119,695)

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2021 and 2020

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:

	June 30, 2021			
	Total	Fair Value Disclosure		
		Level 1	Level 2	Level 3
Investments measured using hierarchical valuation techniques:				
Money market funds	\$ 1,573,156	\$ 1,573,156	\$ -	\$ -
Equity securities	2,288,569	2,288,569	-	-
Mutual and exchange-traded funds	11,400,164	11,400,164	-	-
	15,261,889	\$ 15,261,889	\$ -	\$ -
Investments measured at NAV:				
Limited partnership	166,400			
Investments measured at cost:				
Note receivable	250,000			
Cash held in brokerage accounts	250,690			
	500,690			
	\$ 15,928,979			

The Seminary uses 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, 2021:

<u>Strategy</u>	<u>NAV in fund</u>	<u>Remaining life</u>	<u>Redemption terms / restrictions</u>
Limited partnership focusing on investments in natural resources	\$ 166,400	1.5 years	N/A - this fund is in a partnership structure with no ability to redeem.

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2021 and 2020

6. FAIR VALUE MEASUREMENTS, continued:

	June 30, 2020			
	Total	Fair Value Disclosure		
		Level 1	Level 2	Level 3
Investments measured using hierarchical valuation techniques:				
Money market funds	\$ 908,575	\$ 908,575	\$ -	\$ -
Equity securities	2,270,754	2,270,754	-	-
Mutual and exchange-traded funds	8,653,613	8,653,613	-	-
	11,832,942	\$ 11,832,942	\$ -	\$ -
Investments measured at NAV:				
Limited partnership	372,775			
Investments measured at cost:				
Note receivable	250,000			
Cash held in brokerage accounts	126,759			
	376,759			
	\$ 12,582,476			

The Seminary uses 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, 2020:

<u>Strategy</u>	<u>NAV in fund</u>	<u>Remaining life</u>	<u>Redemption terms / restrictions</u>
Limited partnership focusing on investments in natural resources	\$ 372,775	2.5 years	N/A - this fund is in a partnership structure with no ability to redeem.

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2021 and 2020

7. PROPERTY AND EQUIPMENT-NET:

Property and equipment-net is summarized as follows:

	June 30,	
	2021	2020
Land	\$ 698,340	\$ 698,340
Land improvements	649,602	649,602
Building and improvements	19,614,391	19,509,881
Library books and media	1,422,084	1,408,079
Furniture and equipment	1,013,119	922,059
Vehicles	61,694	61,694
	23,459,230	23,249,655
Less: accumulated depreciation	(13,396,102)	(12,840,221)
	\$ 10,063,128	\$ 10,409,434

8. DEFERRED REVENUE:

The activity and balances for deferred revenue for contracts with students (including tuition, fees, housing and food services), as well as other deferred revenue are shown in the following table:

Beginning balance, related to contracts with customers	\$ 11,570	\$ 24,429
Revenue recognized for tuition, fees, housing and food services	(11,570)	(24,429)
Payments received for future performance obligations - tuition, fees, housing and food services	28,659	11,570
	28,659	11,570
Ending balance, related to contracts with customers	28,659	11,570
Other deferred revenue	161,041	165,210
	\$ 189,700	\$ 176,780

9. COMMITMENTS:

The Seminary has available an open ended margin loan with its primary brokerage, with no fixed maturity date. Borrowing capacity was approximately \$4,550,000 and \$3,060,000 at June 30, 2021 and 2020, respectively. 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, 2021 and 2020.

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2021 and 2020

### 10. NET ASSETS:

Net assets consist of:

	June 30,	
	2021	2020
Net assets without donor restrictions:		
Undesignated	\$ 7,171,868	\$ 6,920,664
Board designated for endowment	1,128,347	949,261
Total net assets without donor restrictions	<u>8,300,215</u>	<u>7,869,925</u>
Net assets with donor restrictions:		
Subject to expenditure for a specified time or purpose:		
Scholarship and student aid funds	209,503	206,689
Other restricted purposes	54,402	54,598
Operating pledges receivable, net	33,208	38,973
	<u>297,113</u>	<u>300,260</u>
Subject to the Seminary's endowment spending policy and appropriation:		
Accumulated gains on endowment assets	5,360,910	2,754,549
Endowment funds restricted in perpetuity	13,187,475	12,654,825
	<u>18,548,385</u>	<u>15,409,374</u>
Total net assets with donor restrictions	<u>18,845,498</u>	<u>15,709,634</u>
Total net assets	<u>\$ 27,145,713</u>	<u>\$ 23,579,559</u>

### 11. 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.

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2021 and 2020

### 11. 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, 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total With Donor Restrictions	Total Funds
		Original Gift Amount	Accumulated Gains (Losses) and Other		
Board-designated funds	\$ 1,128,347	\$ -	\$ -	\$ -	\$ 1,128,347
Donor-restricted funds	-	13,187,475	5,360,910	18,548,385	18,548,385
	<u>\$ 1,128,347</u>	<u>\$ 13,187,475</u>	<u>\$ 5,360,910</u>	<u>\$ 18,548,385</u>	<u>\$ 19,676,732</u>

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2021 and 2020

11. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended June 30, 2021, are as follows:

	With Donor Restrictions				Total Funds
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Endowment net assets - beginning of year	\$ 949,261	\$ 12,654,825	\$ 2,754,549	\$ 15,409,374	\$ 16,358,635
Contributions	-	532,650	54,016	586,666	586,666
Investment return, net	195,101	-	2,875,715	2,875,715	3,070,816
Amounts appropriated for expenditure	(16,015)	-	(323,370)	(323,370)	(339,385)
	179,086	532,650	2,606,361	3,139,011	3,318,097
Endowment net assets - end of year	\$ 1,128,347	\$ 13,187,475	\$ 5,360,910	\$ 18,548,385	\$ 19,676,732

Endowment net assets by type of fund as of June 30, 2020, are as follows:

	With Donor Restrictions				Total Funds
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Board-designated funds	\$ 949,261	\$ -	\$ -	\$ -	\$ 949,261
Donor-restricted funds	-	12,654,825	2,754,549	15,409,374	15,409,374
	\$ 949,261	\$ 12,654,825	\$ 2,754,549	\$ 15,409,374	\$ 16,358,635



# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2021 and 2020

11. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended June 30, 2020, are as follows:

	With Donor Restrictions				Total Funds
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Endowment net assets - beginning of year	\$ 951,227	\$ 12,491,675	\$ 3,217,317	\$ 15,708,992	\$ 16,660,219
Contributions	-	163,150	18,641	181,791	181,791
Investment return, net	(1,966)	-	(122,211)	(122,211)	(124,177)
Amounts appropriated for expenditure	-	-	(359,198)	(359,198)	(359,198)
	(1,966)	163,150	(462,768)	(299,618)	(301,584)
Endowment net assets - end of year	\$ 949,261	\$ 12,654,825	\$ 2,754,549	\$ 15,409,374	\$ 16,358,635

Endowment assets consist of the following components:

	June 30,	
	2021	2020
Investments	\$ 15,428,004	\$ 12,582,476
Pledges receivable for endowment	250,000	-
Loan to operations from endowment pool investments to fund:		
Debt repayment	2,639,503	2,639,503
Operating needs	1,359,225	1,136,656
	\$ 19,676,732	\$ 16,358,635

### 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. A summary of underwater endowments is below. The primary reason for the deficits is use of endowment assets by the Seminary to fund debt repayment and prior year operating needs.

	June 30,	
	2021	2020
Number of individual endowment funds underwater	5	19
Original gift value of individual endowment funds underwater	\$ 684,690	\$ 2,058,394
Less: fair market value of individual endowment funds underwater	(490,086)	(1,736,451)
Underwater endowments	\$ 194,604	\$ 321,943

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2021 and 2020

### 12. 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 10% of each employee's salary (increased from 8% effective January 1, 2021), 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 \$120,935 and \$99,545 for the years ended June 30, 2021 and 2020, respectively. The contribution made by the Seminary represented approximately 4.5% and 3.8% for the years ended June 30, 2021 and 2020, 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, 2020. 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:

	<u>FEIN</u>	<u>2020</u>	<u>2019</u>
Orthodox Church in America Pension Plan	06-1455789	<u>\$ 2,672,980</u>	<u>\$ 2,642,534</u>

As of the Plan years ending December 31, 2020 and 2019, the Plan's total net assets available for benefits were \$26,887,662 and \$25,561,831, respectively, and the actuarial present value of accumulated Plan benefits was \$55,086,863 and \$55,648,391, respectively. As of both Plan years ending December 31, 2020 and 2019, the Plan was less than 65% funded.

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2021 and 2020

13. RELATED PARTY TRANSACTIONS:

Members of the Board of Trustees contributed approximately \$270,000 and \$278,000 to the Seminary during the years ended June 30, 2021 and 2020, respectively. These contributions represent approximately 9% and 13% of total contributions and approximately 3% and 5% of total revenue for the years ended June 30, 2021 and 2020, respectively.

14. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States and has caused disruption through mandated and voluntary closings and/or transitions to remote work for numerous businesses and nonprofits, including the Seminary. While the disruptions have been temporary, there is considerable uncertainty around whether disruptions will significantly return. Therefore, the Seminary anticipates that this could have a negative effect on its operations. Further, the Seminary also anticipates this could negatively impact revenue as well. However, the extent to which the COVID-19 outbreak will ultimately financially impact the Seminary's operations or financial results cannot be reasonably estimated at this time.

15. CONTINGENCIES:

The Seminary is subject to claims, legal proceedings and investigations of matters that arise in the ordinary course of operations. In the opinion of management, as of the date of the financial statements, there were no matters outstanding for which an unfavorable outcome is probable and/or estimable.

16. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through November 11, 2021, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.