

**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT**

**June 30, 2022**

**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**June 30, 2022**

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## INDEPENDENT AUDITORS' REPORT

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

### ***Opinion***

We have audited the financial statements of St. Vladimir's Orthodox Theological Seminary (the Seminary), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Seminary as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Seminary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Seminary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Seminary's ability to continue as a going concern for a reasonable period of time.

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

*Ronald Blue & Co. CPAs*

Santa Ana, California  
March 7, 2023

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF FINANCIAL POSITION

June 30, 2022

ASSETS

Current assets:	
Cash and cash equivalents	\$ (3,246,898)
Cash and cash equivalents - restricted	<u>3,280,597</u>
Total cash and cash equivalents	33,699
Investments	250,000
Accounts receivable, net	259,018
Pledges and grants receivable, net	1,063,079
Inventory	762,801
Prepaid expenses	<u>34,757</u>
Total current assets	<u>2,403,354</u>
Noncurrent assets:	
Cash surrender value of life insurance	213,450
Endowment investments	13,189,939
Property and equipment, net	<u>9,856,317</u>
Total noncurrent assets	<u>23,259,706</u>
Total assets	<u>\$ 25,663,060</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 352,185
Accrued expenses	123,751
Deferred revenue	<u>243,316</u>
Total current liabilities	<u>719,252</u>
Total liabilities	<u>719,252</u>
Net assets:	
Without donor restrictions	7,410,193
With donor restrictions	<u>17,533,615</u>
Total net assets	<u>24,943,808</u>
Total liabilities and net assets	<u>\$ 25,663,060</u>

See accompanying notes and independent auditors' report

**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**STATEMENT OF ACTIVITIES**

For the Years Ended June 30, 2022

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Support and revenues:			
Contributions	\$ 2,232,754	\$ 220,782	\$ 2,453,536
Endowment and investment loss, net	(154,280)	(1,556,208)	(1,710,488)
Tuition and fees, net	314,895	-	314,895
Grant income	69,049	1,036,300	1,105,349
Auxiliary enterprises	2,152,603	-	2,152,603
Change in cash surrender value of life insurance	13,103	-	13,103
Net assets released from restriction	<u>1,012,757</u>	<u>(1,012,757)</u>	<u>-</u>
Total support and revenues	<u>5,640,881</u>	<u>(1,311,883)</u>	<u>4,328,998</u>
Expenses:			
Program activities			
Academic and student services	2,068,966	-	2,068,966
Public service	181,766	-	181,766
Auxiliary enterprises	<u>1,774,597</u>	<u>-</u>	<u>1,774,597</u>
Total program activities	<u>4,025,329</u>	<u>-</u>	<u>4,025,329</u>
Supporting activities:			
General and administrative	1,390,130	-	1,390,130
Fundraising	<u>1,115,444</u>	<u>-</u>	<u>1,115,444</u>
Total supporting activities	<u>2,505,574</u>	<u>-</u>	<u>2,505,574</u>
Total expenses	<u>6,530,903</u>	<u>-</u>	<u>6,530,903</u>
Change in net assets	<u>(890,022)</u>	<u>(1,311,883)</u>	<u>(2,201,905)</u>
<b>Net assets, beginning of year</b>	<u>8,300,215</u>	<u>18,845,498</u>	<u>27,145,713</u>
<b>Net assets, end of year</b>	<u>\$ 7,410,193</u>	<u>\$ 17,533,615</u>	<u>\$ 24,943,808</u>

See accompanying notes and independent auditors' report

**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2022

	Program activities			Supporting activities		Total
	Academic and student services	Public service	Auxiliary enterprises	General and administrative	Fundraising	
Expenses:						
Advertising expenses	\$ 31	\$ 3,550	\$ 72,710	\$ -	\$ 135,885	\$ 212,176
Bad debt	78,940	-	-	-	255,869	334,809
Bank service charges	15,153	1	18,014	7,237	11,626	52,031
Books and subscription	42,682	14	48,322	15,020	5,660	111,698
CARES grants to students	3,950	-	-	-	-	3,950
Depreciation expense	282,008	28,201	169,205	62,042	22,561	564,017
Dues and fees	1,256	-	189	15,272	350	17,067
Facilities, repairs, and maintenance	268,975	26,898	160,035	59,175	21,518	536,601
Food services	8,824	-	198,606	-	-	207,430
Other expenses	21,410	407	6,271	484	961	29,533
Postage and shipping	670	1,718	103,479	3,079	10,020	118,966
Professional and consulting	49,084	432	21,411	276,438	150,838	498,203
Publications cost	-	-	385,748	-	-	385,748
Salaries and benefits	1,178,326	110,891	515,329	692,599	449,732	2,946,877
Seminars, conference, and honoraria	5,289	-	10,783	548	18,085	34,705
Service contracts	2,604	2,689	49,270	115,647	2,202	172,412
Supplies	44,249	6,373	8,932	19,202	8,967	87,723
Technology and equipment	4,777	-	600	87,943	1,321	94,641
Travel, meals, and entertainment	60,738	592	5,693	35,444	19,849	122,316
Total expenses	<u>\$ 2,068,966</u>	<u>\$ 181,766</u>	<u>\$ 1,774,597</u>	<u>\$ 1,390,130</u>	<u>\$ 1,115,444</u>	<u>\$ 6,530,903</u>

See accompanying notes and independent auditors' report

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF CASH FLOWS  
For the Years Ended June 30, 2022

<b>Cash flows from operating activities</b>	
Change in net assets	\$ (2,201,905)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	564,017
Realized and unrealized (gain) loss on investments	2,087,115
Bad debt	334,809
Contributions restricted for endowments	(114,516)
Changes in:	
Accounts receivable, net	(176,340)
Pledges and grants receivable, net	(1,029,871)
Inventory	54,785
Prepaid expenses	26,027
Cash surrender value of life insurance	13,103
Accounts payable and accrued expenses	(23,187)
Deferred revenue	<u>53,616</u>
Net cash flows from operating activities	<u>(412,347)</u>
<b>Cash flows from investing activities</b>	
Cash proceeds from investments	375,719
Acquisition of property and equipment	<u>(357,206)</u>
Net cash flows from investing activities	<u>18,513</u>
<b>Cash flows from financing activities</b>	
Proceeds from restricted endowment contributions	<u>114,516</u>
Net cash flows from financing activities	<u>114,516</u>
Net change in cash and cash equivalents	(279,318)
<b>Total cash and cash equivalents, beginning of year</b>	<u>313,017</u>
<b>Total cash and cash equivalents, end of year</b>	<u><u>\$ 33,699</u></u>

See accompanying notes and independent auditors' report



# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

### **Note 1 – Summary of significant accounting policies**

The significant accounting policies followed are presented to assist the reader in understanding the financial statements of St. Vladimir's Orthodox Theological Seminary (the Seminary). The financial statements and notes are representations of the Seminary's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

#### Nature of activities

The 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).

#### Basis of accounting

The Seminary's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables, and other liabilities.

#### Concentration of credit risk

Cash accounts at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances in these accounts may, at times, exceed federally insured limits. The Seminary has not experienced any losses in such accounts. Management of the Seminary does not believe that it is exposed to significant credit risk in connection with cash and cash equivalents.

#### Cash and cash equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

#### Cash and cash equivalents – restricted

Restricted cash and cash equivalents consist of amounts held for contributions that are subject to grant and donor-imposed restrictions. Restricted cash and cash equivalents consists of those amounts set aside to comply with such restrictions.

## ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

#### **Note 1 – Summary of significant accounting policies (continued)**

##### 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 allowance 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 uncollectable, 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. As of June 30, 2022, management has reserved \$55,313 for uncollectible receivables.

##### Investments

Investments consists of money market funds, marketable debt and equity securities carried at fair market 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. From time to time, the Seminary receives donations of stock, which is reported at fair value on the date of the gift and then reported at fair value at the end of each year. The Seminary recognizes realized and unrealized gains and losses in the year of occurrence. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment holdings may occur in the near term, and that such changes could materially affect the amounts reported in the financial statements.

##### Pledges and grants receivable

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges and grants that are expected to be collected within one year are recorded at net realizable value. Pledges and grants 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 pledges and grants 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, 2022 management believes all pledges and grants are fully collectable.

##### 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.

## ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

#### **Note 1 – Summary of significant accounting policies (continued)**

##### Fair value measurement

The framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in the active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Seminary has the ability to access.

**Level 2:** Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

##### Property and equipment

Purchases of property and equipment in excess of \$5,000 are capitalized and presented at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from five to forty years. Donated assets are capitalized at their approximate fair market value at the date of the gift. Depreciation expense for the year ended June 30, 2022 was \$564,017.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. During 2022, there were no events or changes in circumstances indicating that the carrying amount of long-lived assets may not be recoverable.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**Note 1 – Summary of significant accounting policies (continued)**

Deferred revenue

Deferred revenue consists of amounts received in advance for tuition, fees, housing, and food services prior to the recognition of related revenue.

Net assets

The Seminary reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting year in which the revenue is recognized. All other donor-restricted contributions are reported as net assets with donor restrictions, depending on the nature of restrictions. When a restriction expires, 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 restrictions. At June 30, 2022, net assets with donor restrictions was \$17,533,615.

Revenue recognition

Revenue is recognized when earned. Tuition and fees received for the next academic term are deferred until the instruction commences. For academic 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 the education service 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. Net tuition and fees are as follows:

Gross tuition and fees	\$ 815,852
Less: scholarships and financial aid	<u>(500,957)</u>
Tuition and fees, net	<u><u>\$ 314,895</u></u>

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

### Note 1 – Summary of significant accounting policies (continued)

#### Revenue recognition (continued)

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a benefit interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Revenue is recognized when earned.

Revenue from contracts is recognized when the Seminary satisfies a performance obligation by transferring a promised good or service to a customer. The Seminary considers the terms of the contract and all relevant facts and circumstances when applying the revenue recognition standard. The Seminary also applies the revenue recognition standard consistently to contracts with similar characteristics and in similar circumstances.

#### Grant income

Grant income consists of government and private grants made to the Seminary. During the year ended June 30, 2022, the Seminary received notice of grant awards from a private foundation to support the Pathways for Tomorrow Initiative and planning activities totaling \$1,036,300. The funds associated with the grant awards were received subsequent to year end and are thus reflected as a component of pledges and grants receivable at June 30, 2022. See Note 3.

#### Auxiliary enterprises

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 for 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, 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.

#### Contributed goods and services

Volunteers contribute amounts of time to the program activities, administration, and fundraising and development activities carried out by the Seminary. However, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America. Contributed goods are recorded at fair value at the date of the donation. There were no such contributions during the year ended June 30, 2022.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**Note 1 – Summary of significant accounting policies (continued)**

Functional allocation of expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Certain significant expenses are allocated on a basis of square footage, such as utilities; while others are allocated on a basis of time and effort estimates, such as contract services expense.

Advertising expenses

The Seminary records advertising expenses when incurred. Advertising expense was \$212,176 for the year ended June 30, 2022.

Income taxes

The Seminary has received tax-exempt status from the Internal Revenue Service and New York Secretary of State under Section 501(c)(3) of the Internal Revenue Code (IRC) and applicable state taxation code. 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. The Seminary does not believe its financial statements include (or reflect) any uncertain tax positions.

**Note 2 – Liquidity and availability**

As part of liquidity management, the Seminary has adopted a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets available for general expenditure within one year consisted of the following at June 30, 2022:

Total cash and cash equivalents	\$ 33,699
Investments	13,439,939
Accounts receivable, net	259,018
Pledges and grants receivable, net	<u>1,063,079</u>
Total financial assets	<u>14,795,735</u>
Contractual or donor-imposed restrictions	
Donor contributions with purpose restrictions. See Note 7.	<u>17,533,615</u>
Total contractual or donor-imposed restrictions	<u>17,533,615</u>
Financial assets needed for general expenditures expenditures within one year	<u>\$ (2,737,880)</u>

**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2022

**Note 3 – Pledges and grants receivable, net**

Pledges and grants receivable consisted of the following as of June 30, 2022:

Due in less than one year	\$ 1,052,954
Due in one to five years	<u>10,125</u>
 Pledges and grants receivable, net	 <u><u>\$ 1,063,079</u></u>

**Note 4 – Investments**

The following table sets forth the Seminary's investment assets, by level within the fair value hierarchy, at June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Money market funds	\$ 605,824	\$ -	\$ -	\$ 605,824
Equity securities	8,940,250	-	-	8,940,250
Mutual funds and ETFs	<u>3,617,720</u>	<u>-</u>	<u>-</u>	<u>3,617,720</u>
 Investments	 <u>\$ 13,163,794</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 13,163,794</u>
 Other investments				
Limited partnership	\$ -	\$ 26,145	\$ -	\$ 26,145
Note receivable	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>
 Other investments	 <u>\$ -</u>	 <u>\$ 26,145</u>	 <u>\$ 250,000</u>	 <u>\$ 276,145</u>
 Total Investments	 <u><u>\$ 13,163,794</u></u>	 <u><u>\$ 26,145</u></u>	 <u><u>\$ 250,000</u></u>	 <u><u>\$ 13,439,939</u></u>

Other investments include holdings in an alternative investment in a limited partnership focused on precious metals and real assets (see further discussion of NAV below) as well as an investment in a pooled investment fund with the Orthodox Church in America for the purposes of generating consistent investments yields of approximately 4% per year. The capital amount invested with the fund is expected to be returned in July 2024.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**Note 4 – Investments (continued)**

The Seminary uses net asset value (NAV) to determine the fair value of all underlying investments that do not have a readily determinable fair value and prepare their financial statements consistent with measurement principles of an investment company. The Seminary is invested in one fund measured at NAV as of June 30, 2022:

NAV in fund	<u>\$ 26,145</u>
Remaining life (in months)	6
Redemption terms / restrictions	N/A - no redemption option

Endowment and investment income was comprised of the following for the years ended June 30, 2022:

Interest and dividends	\$ 442,275
Realized and unrealized gains (losses)	(2,087,115)
Investment fees	<u>(65,648)</u>
Endowment and investment income, net	<u>\$ (1,710,488)</u>

**Note 5 – Property and equipment**

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

Land	\$ 698,340
Land improvements	649,602
Building and improvements	19,737,902
Library books and media	1,655,779
Furniture and equipment	1,013,118
Vehicles	<u>61,694</u>
Total property and equipment	23,816,435
Less: accumulated depreciation	<u>(13,960,118)</u>
Total property and equipment, net	<u>\$ 9,856,317</u>



ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**Note 6 – Line of credit (commitments)**

The Seminary has available an open-ended margin loan, with no fixed maturity date, from its primary brokerage firm. The maximum available funds for borrowing were approximately \$3,291,000 at June 30, 2022. Interest rates are variable based on the outstanding balance of the loan ranging from 5.75% to 9.82% at June 30, 2022. The loan is secured by the value of a specified investment account held at the brokerage. There were no outstanding borrowings on this line of credit as of June 30, 2022.

**Note 7 – Net assets**

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

Net assets without donor restrictions:	
Undesignated	\$ 6,407,260
Board designated for endowment	<u>1,002,933</u>
 Total net assets without donor restrictions	 <u>7,410,193</u>
 Net assets with donor restrictions:	
Restricted for time or purpose:	
Scholarship and student aid	230,386
Pledges and grants receivable, net	1,063,079
Chapel renovations	35,125
Other funds	<u>56,910</u>
 Total restricted for time or purpose	 <u>1,385,500</u>
 Endowed or appropriated:	
Accumulated gains on endowment assets	2,851,124
Endowment funds restricted in perpetuity	<u>13,296,991</u>
 Total endowed or appropriated	 <u>16,148,115</u>
 Total net assets with donor restrictions	 <u>17,533,615</u>
 Total net assets	 <u>\$ 24,943,808</u>

## ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

#### Note 8 – Endowments

The Seminary maintains various donor restricted and board designated funds for the purpose of long-term support for programs. In accordance with accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions as specified in Note 1.

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 the 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.

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 purpose of the Seminary and the donor-restricted endowment fund,
3. General economic conditions,
4. The possible effect of inflation or deflation,
5. The expected total return from income and appreciation of investments,
6. Other resources of the Seminary, and
7. The investment policies of the Seminary.

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 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.

**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2022

**Note 8 – Endowments (continued)**

Endowment net assets by fund consist of the following as of June 30, 2022:

	With donor restrictions			Total
	Without donor restrictions	Original gift amount	Accumulated gain (loss) and other	
Board designated	\$ 1,002,933	\$ -	\$ -	\$ 1,002,933
Donor restricted	<u>-</u>	<u>13,296,991</u>	<u>2,851,124</u>	<u>16,148,115</u>
Total	<u>\$ 1,002,933</u>	<u>\$ 13,296,991</u>	<u>\$ 2,851,124</u>	<u>\$ 17,151,048</u>

Changes in endowment net assets are comprised of the following for the year ended June 30, 2022:

	With donor restrictions			Total
	Without donor restrictions	Original gift amount	Accumulated gain (loss) and other	
Endowment net assets, beginning of year	\$ 1,128,347	\$ 13,182,475	\$ 5,360,910	\$ 19,671,732
Contributions	11,651	114,516	-	126,167
Investment loss, net	(73,860)	-	(1,551,210)	(1,625,070)
Amounts appropriated for expenditure	<u>(63,205)</u>	<u>-</u>	<u>(958,576)</u>	<u>(1,021,781)</u>
Endowment net assets, end of year	<u>\$ 1,002,933</u>	<u>\$ 13,296,991</u>	<u>\$ 2,851,124</u>	<u>\$ 17,151,048</u>

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**Note 8 – Endowments (continued)**

Endowment assets consisted of the following at June 30, 2022:

Investments	\$ 13,189,939
Loan to operations from endowment pool investments to fund:	
Debt repayment	2,639,504
Operating needs	<u>1,321,605</u>
 Total endowment assets	 <u>\$ 17,151,048</u>

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.

Number of individual endowment funds underwater	25
 Original gift value of individual endowment funds underwater	 \$ 2,824,862
Less: fair market value of individual endowment funds underwater	<u>(2,401,494)</u>
 Total value of underwater endowments	 <u>\$ 423,368</u>

**Note 9 – Multi-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 10.0% of each employee's salary (increased from 8.0% effective January 1, 2021), and the employee contributes 6.0%. 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:

1. Assets contributed to the Plan by one employer may be used to provide benefits to employees of other participating employers;
2. If a participating employer stops contributing to the Plan, the unfunded obligations of the Plan may be borne by the remaining participating employers;
3. 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.

**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2022

**Note 9 – Multi-employer pension plan (continued)**

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 \$137,476 for the year ended June 30, 2022. The contribution made by the Seminary represented approximately 4.3% for the year ended June 30, 2022, 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, 2021. Information as to the portion of accumulated pension plan benefits and plan assets is not reported separately by the Church's sponsored pension plan.

The Plan balance as of June 30, 2022:

	<b>FEIN</b>	
Orthodox Church in America Pension Plan	06-1455789	<u>\$ 3,166,274</u>

As of the Plan years ending December 31, 2021, the Plan's total net assets available for benefits was \$28,976,787, and the actuarial present value of accumulated Plan benefits was \$55,579,833. As of both Plan years ending December 31, 2021, the Plan was less than 65% funded.

**Note 10 – 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.

**Note 11 – Subsequent events**

Management has evaluated subsequent events through March 7, 2023, the date on which the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of St. Vladimir's Orthodox Theological Seminary as of and for the year ended June 30, 2022, and have issued our report thereon dated March 7, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The financial responsibility supplemental schedule is presented for the purposes of additional analysis as required by the U.S. Department of Education and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Ronald Blue & Co. CPAs*

Santa Ana, California  
March 7, 2023



**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**FINANCIAL REPOSIBILITY SUPPLEMENTAL SCHEDULE (Continued)**  
**June 30, 2022**

<b>Primary Reserve Ratio:</b>		<b>Expendable Net Assets:</b>	
1	Statements of Financial Position-Net assets without donor restrictions, page 3	<b>Net assets without donor restrictions</b>	\$ 7,410,193
2	Statements of Financial Position-Net assets with donor restrictions, page 3	<b>Net assets with donor restrictions</b>	\$ 17,533,615
3	None	Secured and unsecured related party receivable	\$ -
4	None	Unsecured realted party receivable	\$ -
5	Statements of Financial Position-Property and equipment-net, page 3	<b>Property, plant and equipment, net</b>	\$ 9,856,317
6	Notes to Financial Responsibility Supplemental Schedule - Property, plant and equipment, net, Line 1C	Property, plant and equipment post-implementation	\$ 9,262,526
7	None	Property, plant and equipment post-implementation with outstanding debt for original purpose	\$ -
8	Notes to Financial Responsibility Supplemental Schedule - Property, plant and equipment, net, Line 2d	Property, plant and equipment post-implementation without outstanding debt for original purpose	\$ 593,791
9	None	Construction in progress	\$ -
10	None	<b>Lease right-of-use asset, net</b>	\$ -
11	None	Lease right-of-use asset, pre-implementation	\$ -
12	None	Lease right-of-use asset, post-implementation	\$ -
13	None	Intangible assets	\$ -
14	None	Post-employment and pension liabilities	\$ -
15	None	<b>Long-term debt - for long term purposes</b>	\$ -
16	None	Long-term debt - for long term purposes pre-implementation	\$ -
17	None	Long-term debt - for long term purposes post-implementation	\$ -
18	None	Line of credit for construction in progress	\$ -
19	None	Long-term debt, net - not for the purpose of property, plant and equipment or liability greater than asset value	\$ -



**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**FINANCIAL REPOSIBILITY SUPPLEMENTAL SCHEDULE (Continued)  
June 30, 2022**

	<b>Primary Reserve Ratio (continued):</b>			
20	None	<b>Lease right-of-use liability</b>	\$ -	
21	None	Pre-implementation right-of-use asset liability		\$ -
22	None	Post-implementation right-of-use asset liability		\$ -
		<b>Annuities, term endowments and life income with donor restrictions</b>		
23	None		\$ -	
24	None	Annuities with donor restrictions		\$ -
25	None	Term Endowments with donor restrictions		\$ -
26	None	Life income funds with donor restrictions		\$ -
27	Notes to Financial Statements, Note 7: Net assets, page 17 - endowed funds restricted in perpetuity	Net assets with donor restrictions, restricted in perpetuity		\$ 13,296,991
28	Statement of Activities-Total Expenses Page 4	<b>Total Expenses and Losses</b>	<b>\$ 6,530,903</b>	
29	Statement of Activities-Total Expenses Page 4	Total expenses without donor restrictions - taken directly fom Statement of Activities		\$ 6,530,903
30	Statement of Activities-Endowment and investment loss, net, Page 4	Non-operating and net investment (loss)	\$ 1,710,488	
31	Statement of Activities-Endowment and investment loss, net, Page 4	Net investment loss		\$ 1,710,488
32	None	Pension related changes other than net periodic costs		\$ -

**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**FINANCIAL REPOSIBILITY SUPPLEMENTAL SCHEDULE (Continued)**

**June 30, 2022**

	<b>Equity Ratio:</b>			
		<b>Modified Net Assets:</b>		
33	Statements of Financial Position-Net assets without donor restrictions, page 3	<b>Net assets without donor restrictions</b>		\$ 7,410,193
34	Statements of Financial Position-Net assets with donor restrictions, page 3	<b>Net assets with donor restrictions</b>		<b>\$ 17,533,615</b>
35	Intangible assets - None	Intangible assets		\$ -
36	Goodwill - None	Goodwill		\$ -
37	None	<b>Secured and unsecured related party receivables</b>	\$ -	
38	None	Unsecured related party receivables		0
		<b>Modified Assets:</b>		
39	Statements of Financial Position-Total Assets, page 3	Total assets	\$ -	\$ 24,943,808
40	None	Lease right-of-use asset, pre-implementation		\$ -
41	None	Pre-implementation right-of-use asset liability		\$ -
42	Intangible assets - None	Intangible assets		\$ -
43	None	<b>Secured and unsecured related party receivables</b>	\$ -	
44	None	Unsecured related party receivables		\$ -
	<b>Net Income Ratio:</b>			
45	Statement of Activities-Change in net assets without donor restrictions, page 4	<b>Change in Net Assets Without Donor Restrictions</b>		\$ (890,022)
46	Statement of Activities-Net assets without donor restrictions - Total revenue, support and reclassifications (including endowment and investment loss, net, Page 4	<b>Total Revenues and Gains</b>	<b>\$ 5,640,881</b>	
47	Statement of Activities-Net assets without donor restrictions - Total revenue, support and reclassifications (excluding endowment and investment loss, net, Page 4	Total support and operating revenue		\$ 5,795,161
48	Statement of Activities-Net assets without donor restrictions - Endowment and investment loss-net, page 4	Total investment loss, net, without donor restrictions		\$ (154,280)
49	None	Total non-operating support and revenue		\$ -

**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**NOTES TO THE FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE**

**June 30, 2022**

The Department of Education issued regulations, effective July 1, 2020 regarding additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV. These note disclosures are not required by accounting principles generally accepted in the United States of America but are intended for use by the Department of Education and to ensure compliance with Federal Title IV regulations.

**Property, plant and equipment, net**

1	Pre-implementation property, plant and equipment, net (PP&E, net)	
	a. Beginning pre-implementation property, plant and equipment, net as of June 30, 2020	\$ 10,314,102
	b. Less subsequent (through fiscal year end June 30, 2022) depreciation and disposals	<u>(1,051,576)</u>
	c. Balance pre-implementation property, plant and equipment, net as of June 30, 2022	<u>9,262,526</u>
2	Post-implementation property, plant and equipment, net, acquired without debt:	
	a. Beginning post-implementation property, plant and equipment, net without outstanding debt as of June 30, 2020	95,332
	b. Long-lived assets acquired without use of debt subsequent to June 30, 2020	566,778
	c. Less subsequent (through fiscal year end June 30, 2022) depreciation and disposals	<u>(68,319)</u>
	d. Ending post-implementation property, plant and equipment, net without outstanding debt as of June 30, 2022	<u>593,791</u>
3	Total property, plant and equipment, net - June 30, 2022	<u>\$ 9,856,317</u>