

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

June 30, 2023 and 2022

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

June 30, 2023 and 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 statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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
January 4, 2024

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENTS OF FINANCIAL POSITION
For the Years Ended June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ (4,252,942)	\$ (3,246,898)
Cash and cash equivalents - restricted	<u>7,008,215</u>	<u>3,280,597</u>
Total cash and cash equivalents	2,755,273	33,699
Investments	-	250,000
Accounts receivable, net	473,400	259,018
Pledges and grants receivable, net	27,971	1,063,079
Inventory	750,065	762,801
Prepaid expenses	<u>8,935</u>	<u>34,757</u>
Total current assets	<u>4,015,644</u>	<u>2,403,354</u>
Noncurrent assets:		
Cash surrender value of life insurance	193,328	213,450
Endowment investments	12,103,130	13,189,939
Property and equipment, net	<u>9,355,209</u>	<u>9,856,317</u>
Total noncurrent assets	<u>21,651,667</u>	<u>23,259,706</u>
Total assets	<u>\$ 25,667,311</u>	<u>\$ 25,663,060</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 380,975	\$ 352,185
Accrued expenses	94,665	123,751
Deferred revenue	<u>22,044</u>	<u>243,316</u>
Total current liabilities	<u>497,684</u>	<u>719,252</u>
Total liabilities	<u>497,684</u>	<u>719,252</u>
Net assets:		
Without donor restrictions	6,030,311	7,410,193
With donor restrictions	<u>19,139,316</u>	<u>17,533,615</u>
Total net assets	<u>25,169,627</u>	<u>24,943,808</u>
Total liabilities and net assets	<u>\$ 25,667,311</u>	<u>\$ 25,663,060</u>

See accompanying notes and independent auditors' report

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenues:						
Contributions	\$ 2,411,423	\$ 745,092	\$ 3,156,515	\$ 2,232,754	\$ 220,782	\$ 2,453,536
Endowment and investment gain (loss), net	61,042	966,786	1,027,828	(154,280)	(1,556,208)	(1,710,488)
Tuition and fees, net	286,453	-	286,453	314,895	-	314,895
Grant income	147,401	1,000,000	1,147,401	69,049	1,036,300	1,105,349
Auxiliary enterprises	2,281,627	-	2,281,627	2,152,603	-	2,152,603
Change in cash surrender value of life insurance	20,122	-	20,122	13,103	-	13,103
Net assets released from restriction	<u>1,106,177</u>	<u>(1,106,177)</u>	<u>-</u>	<u>1,012,757</u>	<u>(1,012,757)</u>	<u>-</u>
Total support and revenues	<u>6,314,245</u>	<u>1,605,701</u>	<u>7,919,946</u>	<u>5,640,881</u>	<u>(1,311,883)</u>	<u>4,328,998</u>
Expenses:						
Program activities						
Academic and student services	2,362,907	-	2,362,907	2,068,966	-	2,068,966
Public service	191,338	-	191,338	181,766	-	181,766
Auxiliary enterprises	<u>2,167,951</u>	<u>-</u>	<u>2,167,951</u>	<u>1,774,597</u>	<u>-</u>	<u>1,774,597</u>
Total program activities	<u>4,722,196</u>	<u>-</u>	<u>4,722,196</u>	<u>4,025,329</u>	<u>-</u>	<u>4,025,329</u>
Supporting activities:						
General and administrative	1,751,525	-	1,751,525	1,390,130	-	1,390,130
Fundraising	<u>1,220,406</u>	<u>-</u>	<u>1,220,406</u>	<u>1,115,444</u>	<u>-</u>	<u>1,115,444</u>
Total supporting activities	<u>2,971,931</u>	<u>-</u>	<u>2,971,931</u>	<u>2,505,574</u>	<u>-</u>	<u>2,505,574</u>
Total expenses	<u>7,694,127</u>	<u>-</u>	<u>7,694,127</u>	<u>6,530,903</u>	<u>-</u>	<u>6,530,903</u>
Change in net assets	<u>(1,379,882)</u>	<u>1,605,701</u>	<u>225,819</u>	<u>(890,022)</u>	<u>(1,311,883)</u>	<u>(2,201,905)</u>
Net assets, beginning of year	<u>7,410,193</u>	<u>17,533,615</u>	<u>24,943,808</u>	<u>8,300,215</u>	<u>18,845,498</u>	<u>27,145,713</u>
Net assets, end of year	<u>\$ 6,030,311</u>	<u>\$ 19,139,316</u>	<u>\$ 25,169,627</u>	<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

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

	Program activities			Supporting activities		Total
	Academic and student services	Public service	Auxiliary enterprises	General and administrative	Fundraising	
Expenses:						
Advertising expenses	\$ -	\$ 9,204	\$ 77,149	\$ -	\$ 26,491	\$ 112,844
Bad debt	(7,537)	-	-	-	4,958	(2,579)
Bank service charges	11,861	3	21,571	2,091	16,636	52,162
Books and subscription	52,740	-	52,137	20,033	8,110	133,020
Depreciation expense	302,852	30,285	181,711	66,627	24,228	605,703
Dues and fees	3,803	6	833	19,145	225	24,012
Facilities, repairs, and maintenance	328,026	27,336	190,404	-	-	545,766
Food services	7,694	-	227,834	-	-	235,528
Other expenses	8,421	225	7,150	23,836	1,214	40,846
Postage and shipping	997	-	116,679	3,281	2,816	123,773
Professional and consulting	68,153	7,160	50,488	480,407	172,738	778,947
Publications cost	3,242	-	509,916	416	179,922	693,496
Salaries and benefits	1,386,778	111,669	641,350	829,013	700,453	3,669,263
Seminars, conference, and honoraria	3,148	-	16,611	1,175	38,300	59,234
Service contracts	70,387	3,599	44,600	113,248	2,879	234,714
Supplies	33,243	1,136	13,542	45,256	11,516	104,693
Technology and equipment	2,921	67	477	105,262	2,286	111,013
Travel, meals, and entertainment	86,177	648	15,499	41,735	27,634	171,693
Total expenses	\$ 2,362,907	\$ 191,338	\$ 2,167,951	\$ 1,751,525	\$ 1,220,406	\$ 7,694,127

See accompanying notes and independent auditors' report

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENTS 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

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 225,819	\$ (2,201,905)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	605,703	564,017
Realized and unrealized (gain) loss on investments	(664,157)	2,087,115
Bad debt	(2,579)	334,809
Contributions restricted for endowments	(366,308)	(114,516)
Changes in:		
Accounts receivable, net	(211,803)	(176,340)
Pledges and grants receivable, net	1,035,108	(1,029,871)
Inventory	12,736	54,785
Prepaid expenses	25,822	26,027
Cash surrender value of life insurance	20,122	13,103
Accounts payable and accrued expenses	(296)	(23,187)
Deferred revenue	<u>(221,272)</u>	<u>53,616</u>
Net cash flows from operating activities	<u>458,895</u>	<u>(412,347)</u>
Cash flows from investing activities		
Cash proceeds from investments	2,375,790	375,719
Cash deployed for investments	(374,824)	-
Acquisition of property and equipment	<u>(104,595)</u>	<u>(357,206)</u>
Net cash flows from investing activities	<u>1,896,371</u>	<u>18,513</u>
Cash flows from financing activities		
Proceeds from restricted endowment contributions	<u>366,308</u>	<u>114,516</u>
Net cash flows from financing activities	<u>366,308</u>	<u>114,516</u>
Net change in cash and cash equivalents	2,721,574	(279,318)
Total cash and cash equivalents, beginning of year	<u>33,699</u>	<u>313,017</u>
Total cash and cash equivalents, end of year	<u>\$ 2,755,273</u>	<u>\$ 33,699</u>

See accompanying notes and independent auditors' report

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 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 (US GAAP) and have been consistently applied in the preparation of the financial statements.

Nature of activities

The Seminary is an educational institution 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 US GAAP 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. Amounts in excess of FDIC limits as of June 30, 2023 and 2022 were \$2,326,164 and \$0, respectively.

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, 2023 and 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, 2023 and 2022, management has reserved \$46,125 and \$55,313, respectively, 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, 2023 and 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, 2023 and 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 years ended June 30, 2023 and 2022, was \$605,703 and \$564,017, respectively.

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 2023 and 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, 2023 and 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, 2023 and 2022, net assets with donor restrictions was \$19,139,316 and \$17,533,615, respectively.

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:

	2023	2022
Gross tuition and fees	\$ 1,121,492	\$ 815,852
Less: scholarships and financial aid	<u>(835,039)</u>	<u>(500,957)</u>
Tuition and fees, net	<u>\$ 286,453</u>	<u>\$ 314,895</u>

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 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, 2023, the Seminary received a restricted grant award totaling \$1,000,000 from a private foundation to support the fund for Compelling Preaching.

During the year ended June 30, 2022, the Seminary received notice of a restricted grant award 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.

Gifts-in-kind

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 US GAAP. Gifts-in-kind are recorded at fair value at the date of the donation. There were no such contributions during the years ended June 30, 2023 and 2022.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 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 \$112,844 and \$212,176 for the years ended June 30, 2023 and 2022, respectively.

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. Due to operating result in prior years, the Seminary has internally borrowed funds for operations from the Seminary's endowment assets, thus causing the year end liquidity position to be negative. See Note 8 for additional information related to the Seminary's endowment and borrowing.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 2022

Note 2 – Liquidity and availability (continued)

Financial assets available for general expenditure within one year consisted of the following at June 30, 2023:

Total cash and cash equivalents	\$ 2,755,273
Investments	12,103,130
Accounts receivable, net	473,400
Pledges and grants receivable, net	<u>27,971</u>
 Total financial assets	 <u>15,359,774</u>
 Contractual or donor-imposed restrictions	
Donor contributions with purpose restrictions. See Note 7.	<u>19,139,316</u>
 Total contractual or donor-imposed restrictions	 <u>19,139,316</u>
 Financial assets needed for general expenditures expenditures within one year	 <u>\$ (3,779,542)</u>

Note 3 – Pledges and grants receivable, net

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

	2023	2022
Due in less than one year	\$ 27,971	\$ 1,052,954
Due in one to five years	<u>-</u>	<u>10,125</u>
 Pledges and grants receivable, net	 <u>\$ 27,971</u>	 <u>\$ 1,063,079</u>

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 2022

Note 4 – Investments

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

	2023			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Money market funds	\$ 482,289	\$ -	\$ -	\$ 482,289
Equity securities	1,939,199	-	-	1,939,199
Fixed income	1,098,403	-	-	1,098,403
Mutual funds and ETFs	8,327,716	-	-	8,327,716
Limited partnership	-	5,523	-	5,523
Other investments	-	-	250,000	250,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Investments	<u>\$ 11,847,607</u>	<u>\$ 5,523</u>	<u>\$ 250,000</u>	<u>\$ 12,103,130</u>
	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	3,617,720	-	-	3,617,720
Limited partnership	-	26,145	-	26,145
Other investments	-	-	250,000	250,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Investments	<u>\$ 13,163,794</u>	<u>\$ 26,145</u>	<u>\$ 250,000</u>	<u>\$ 13,439,939</u>

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 2022

Note 4 – Investments (continued)

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.

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, 2023:

NAV in fund	\$ <u>5,523</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:

	2023	2022
Interest and dividends	\$ 430,944	\$ 442,275
Realized and unrealized gains (losses)	664,157	(2,087,115)
Investment fees	<u>(67,273)</u>	<u>(65,648)</u>
 Endowment and investment income (loss), net	 <u>\$ 1,027,828</u>	 <u>\$ (1,710,488)</u>

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 2022

Note 5 – Property and equipment

Property and equipment consisted of the following at June 30:

	2023	2022
Land	\$ 698,340	\$ 698,340
Land improvements	649,602	649,602
Building and improvements	19,813,021	19,737,902
Library books and media	1,667,723	1,655,779
Furniture and equipment	1,030,650	1,013,118
Vehicles	<u>61,694</u>	<u>61,694</u>
Total property and equipment	23,921,030	23,816,435
Less: accumulated depreciation	<u>(14,565,821)</u>	<u>(13,960,118)</u>
Total property and equipment, net	<u>\$ 9,355,209</u>	<u>\$ 9,856,317</u>

Note 6 – Line of credit

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 \$2,990,000 and \$3,291,000 at June 30, 2023 and 2022, respectively. Interest rates are variable based on the outstanding balance of the loan ranging from 11.50% to 13.32% and 5.75% to 9.82% at June 30, 2023 and 2022, respectively. 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, 2023 and 2022.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 2022

Note 7 – Net assets

Net assets consisted of the following at June 30:

	2023	2022
Net assets without donor restrictions:		
Undesignated	\$ 4,981,890	\$ 6,407,260
Board designated for endowment	<u>1,048,421</u>	<u>1,002,933</u>
Total net assets without donor restrictions	<u>6,030,311</u>	<u>7,410,193</u>
Net assets with donor restrictions:		
Restricted for time or purpose:		
Scholarship and student aid	77,156	230,386
Pledges and grants receivable, net	27,971	1,063,079
Chapel renovations	35,125	35,125
Pathways for Tomorrow and Compelling Preaching	1,899,465	-
Other funds	<u>49,660</u>	<u>56,910</u>
Total restricted for time or purpose	<u>2,089,377</u>	<u>1,385,500</u>
Endowed or appropriated:		
Endowment funds restricted for purpose	3,759,022	3,138,298
Endowment funds restricted in perpetuity	<u>13,290,917</u>	<u>13,009,817</u>
Total endowed or appropriated	<u>17,049,939</u>	<u>16,148,115</u>
Total net assets with donor restrictions	<u>19,139,316</u>	<u>17,533,615</u>
Total net assets	<u>\$ 25,169,627</u>	<u>\$ 24,943,808</u>

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 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, 2023 and 2022

Note 8 – Endowments (continued)

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

	2023			
	Without donor	With donor restrictions		
	restrictions	Purpose	Perpetual	Total
Quasi endowments	\$ 1,048,421	\$ -	\$ -	\$ 1,048,421
Scholarship endowments	-	1,313,157	5,093,915	6,407,072
Other endowments	-	2,445,865	8,197,002	10,642,867
Total	\$ 1,048,421	\$ 3,759,022	\$ 13,290,917	\$ 18,098,360

	2022			
	Without donor	With donor restrictions		
	restrictions	Purpose	Perpetual	Total
Quasi endowments	\$ 1,002,933	\$ -	\$ -	\$ 1,002,933
Scholarship endowments	-	1,213,480	4,843,815	6,057,295
Other endowments	-	1,924,818	8,166,002	10,090,820
Total	\$ 1,002,933	\$ 3,138,298	\$ 13,009,817	\$ 17,151,048

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 2022

Note 8 – Endowments (continued)

Changes in endowment net assets are comprised of the following as of June 30:

	2023			
	Without donor	With donor restrictions		
	restrictions	Purpose	Perpetual	Total
Endowment net assets, beginning of year	\$ 1,002,933	\$ 3,138,298	\$ 13,009,817	\$ 17,151,048
Contributions	-	85,208	281,100	366,308
Investment income, net	61,042	966,786	-	1,027,828
Amounts appropriated for expenditure	<u>(15,554)</u>	<u>(431,270)</u>	<u>-</u>	<u>(446,824)</u>
Endowment net assets, end of year	<u>\$ 1,048,421</u>	<u>\$ 3,759,022</u>	<u>\$ 13,290,917</u>	<u>\$ 18,098,360</u>
	2022			
	Without donor	With donor restrictions		
	restrictions	Purpose	Perpetual	Total
Endowment net assets, beginning of year	\$ 1,128,347	\$ 5,360,910	\$ 13,182,475	\$ 19,671,732
Contributions	11,651	37,173	77,342	126,166
Investment loss, net	(73,860)	(1,551,210)	-	(1,625,070)
Amounts appropriated for expenditure	<u>(63,205)</u>	<u>(708,575)</u>	<u>(250,000)</u>	<u>(1,021,780)</u>
Endowment net assets, end of year	<u>\$ 1,002,933</u>	<u>\$ 3,138,298</u>	<u>\$ 13,009,817</u>	<u>\$ 17,151,048</u>

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 2022

Note 8 – Endowments (continued)

Endowment assets consisted of the following at June 30:

	2023	2022
Investments	\$ 12,103,130	\$ 13,189,939
Loan to operations from endowment pool investments to fund:		
Debt repayment	2,639,504	2,639,504
Operating needs	<u>3,355,726</u>	<u>1,321,605</u>
 Total endowment assets	 <u>\$ 18,098,360</u>	 <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.

	2023	2022
Number of individual endowment funds underwater	21	25
Original gift value of individual endowment funds underwater	\$ 2,479,606	\$ 2,824,862
Less: fair market value of individual endowment funds underwater	<u>(2,098,806)</u>	<u>(2,401,494)</u>
 Total value of underwater endowments	 <u>\$ 380,800</u>	 <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 10.00% of each employee's salary and the employee contributes 6.00%. 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.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 2022

Note 9 – Multi-employer pension plan (continued)

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.

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 \$169,504 and \$137,476 for the year ended June 30, 2023 and 2022, respectively. The contribution made by the Seminary represented approximately 5.1% and 4.3% for the year ended June 30, 2023 and 2022, 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, 2022. 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 to the Plan by all participations for the Plan year ended December 31:

	FEIN	2022	2021
Orthodox Church in America Pension Plan	06-1455789	<u>\$ 3,301,281</u>	<u>\$ 3,166,274</u>

As of the Plan years ending December 31, 2022 and 2021, the Plan's total net assets available for benefits was \$22,712,519 and \$28,076,787, respectively, and the actuarial present value of accumulated Plan benefits was \$59,649,213 and \$55,579,833, respectively. As of Plan years ending December 31, 2022 and 2021, the Plan was less than 40% and 65% funded, respectively.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 2022

Note 10 – Risks and uncertainties

In the ordinary course of business, the Seminary may become involved in various legal proceedings and maintains adequate counsel in order to mitigate risks and losses. As of the date of the financial statements were available to be issued, the Seminary was preparing to engage in mediation related to an ongoing legal matter. Mediation has not commenced and a settlement amount has not been determined and is not reasonably estimable, therefore no accrual has been made.

Note 11 – Subsequent events

Management has evaluated subsequent events through January 4, 2024, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the 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, 2023, and have issued our report thereon dated January 4, 2024, 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 and notes are 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
January 4, 2024



ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

FINANCIAL REPOSIBILITY SUPPLEMENTAL SCHEDULE

June 30, 2023

Primary Reserve Ratio:		Expendable Net Assets:	
1	Statements of Financial Position-Net assets without donor restrictions, page 3	Net assets without donor restrictions	\$ 6,030,311
2	Statements of Financial Position-Net assets with donor restrictions, page 3	Net assets with donor restrictions	\$ 19,139,316
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	Property, plant and equipment, net	\$ 9,355,209
6	Notes to Financial Responsibility Supplemental Schedule - Property, plant and equipment, net, Line 1C	Property, plant and equipment post-implementation	\$ 8,746,801
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	\$ 608,408
9	None	Construction in progress	\$ -
10	None	Lease right-of-use asset, net	\$ -
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	Long-term debt - for long term purposes	\$ -
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	\$ -

See independent auditors' report on supplementary information

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

FINANCIAL REPOSIBILITY SUPPLEMENTAL SCHEDULE (Continued)

June 30, 2023

	Primary Reserve Ratio (continued):			
20	None	Lease right-of-use liability	\$ -	
21	None	Pre-implementation right-of-use asset liability		\$ -
22	None	Post-implementation right-of-use asset liability		\$ -
		Annuities, term endowments amd life income with donor restrictions		
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 8: Net assets, page 20 - endowed funds restricted in perpetuity	Net assets with donor restrictions, restricted in perpetuity		\$ 13,290,917
28	Statement of Activities-Total Expenses Page 4	Total Expenses and Losses	\$ 7,694,127	
29	Statement of Activities-Total Expenses Page 4	Total expenses without donor restrictions - taken directly fom Statement of Activities		\$ 7,694,127
30	Statement of Activities-Endowment and investment gain, net, Page 4	Non-operating and net investment gain	\$ 1,027,828	
31	Statement of Activities-Endowment and investment gain, net, Page 4	Net investment gain		\$ 1,027,828
32	None	Pension related changes other than net periodic costs		\$ -

See independent auditors' report on supplementary information

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

FINANCIAL REPOSIBILITY SUPPLEMENTAL SCHEDULE (Continued)

June 30, 2023

Equity Ratio:		Modified Net Assets:	
33	Statements of Financial Position-Net assets without donor restrictions, page 3	Net assets without donor restrictions	\$ 6,030,311
34	Statements of Financial Position-Net assets with donor restrictions, page 3	Net assets with donor restrictions	\$ 19,139,316
35	Intangible assets - None	Intangible assets	\$ -
36	Goodwill - None	Goodwill	\$ -
37	None	Secured and unsecured related party receivables	\$ -
38	None	Unsecured related party receivables	\$ -
Modified Assets:			
39	Statements of Financial Position-Total Assets, page 3	Total assets	\$ - \$ 25,667,311
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	Secured and unsecured related party receivables	\$ -
44	None	Unsecured related party receivables	\$ -
Net Income Ratio:			
45	Statement of Activities-Change in net assets without donor restrictions, page 4	Change in Net Assets Without Donor Restrictions	\$ (1,379,882)
46	Statement of Activities-Net assets without donor restrictions - Total revenue, support and reclassifications (including endowment and investment gain, net, Page 4	Total Revenues and Gains	\$ 6,314,245
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	\$ 6,314,245
48	Statement of Activities-Net assets without donor restrictions - Endowment and investment gain-net, page 4	Total investment gain, net, without donor restrictions	\$ 61,042
49	None	Total non-operating support and revenue	\$ -

See independent auditors' report on supplementary information

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO THE FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE

June 30, 2023

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, 2023) depreciation and disposals	<u>(1,567,301)</u>
	c. Balance pre-implementation property, plant and equipment, net as of June 30, 2023	<u>8,746,801</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	671,373
	c. Less subsequent (through fiscal year end June 30, 2023) depreciation and disposals	<u>(158,297)</u>
	d. Ending post-implementation property, plant and equipment, net without outstanding debt as of June 30, 2023	<u>608,408</u>
3	Total property, plant and equipment, net - June 30, 2023	<u>\$ 9,355,209</u>

See independent auditors' report on supplementary information