The Orthodox Church in America

Financial Statements
and
Auditor's Report

Year Ended December 31, 2011

The Orthodox Church in America

Table of Contents

Lambrides
LAMOS, TAYLOR LLP
Certified Public Accountants and Consultants

To the Metropolitan Council
The Orthodox Church in America

Independent Auditor's Report

We have audited the accompanying statement of financial position of The Orthodox Church in America (the Church) as of December 31, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of the Church. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the organization's December 31, 2010 combined financial statements and, in our report dated October 7, 2011, we expressed a qualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Orthodox Church in America as of December 31, 2011 and the change in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements taken as a whole.

Lambrides, Lamos, Taylor LLP

September 26, 2012

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The Orthodox Church in America
Statement of Financial Position
December 31, 2011
With Comparative Figures at December 31, 2010

	2011	2010
ASSETS		
Cash and cash equivalents	$ 744,298	$ 464,805
Assessments and other accounts receivable	129,378	132,769
Note receivable	16,508	17,283
Bequest receivable	946,595	
Prepaid expenses	16,235	13,017
Capitalized mortgage closing costs (net)	64,666	69,050
Investments:		
Unrestricted	22,461	
Endowment fund pool	466,944	464,678
St. Andrew endowment fund	101,602	101,108
FOS endowment fund	68,014	67,731
Annuity and unitrust agreements	530,549	744,788
Land, buildings and equipment (net of accumulated depreciation)	259,256	250,337
Total assets	$ 3,366,506	$ 2,325,566
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 154,935	$ 61,987
Loans payable	684,212	802,678
Deferred revenue	25,568	7,447
Annuity and unitrust agreements	368,116	469,813
Total liabilities	1,232,831	1,341,925
Net assets:		
Unrestricted	(705,117)	(843,460)
Temporarily restricted	1,818,363	808,026
Permanently restricted	1,020,429	1,019,075
Total net assets	2,133,675	983,641
Total liabilities and net assets	$ 3,366,506	$ 2,325,566

See notes to financial statements.

The Orthodox Church in America
Statement of Activities
Year Ended December 31, 2011
With Summarized Comparative Figures for the Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Totals	2010 Totals
Support, revenue and releases:					
Contributions:					
Fellowship of Orthodox Stewards		$ 22,519		$ 22,519	$ 44,453
Charity		7,865		7,865	3,592
Missions		972,359		972,359	59,198
Seminary		1,689		1,689	4,708
Publications		10,000		10,000	
General contributions	$ 11,491			11,491	22,936
Other restricted					35
Total contributions	11,491	1,014,432		1,025,923	134,922
Revenue:					
Assessments	2,304,772			2,304,772	2,400,989
Publications	3,117			3,117	7,704
Miscellaneous	17,810			17,810	29,313
Total revenue	2,325,699			2,325,699	2,438,006
Total support and revenue before net assets released from restrictions	2,337,190	1,014,432		3,351,622	2,572,928
Net assets released from restrictions	320,830	(320,830)			
Total support, revenue and releases	2,658,020	693,602		3,351,622	2,572,928
Expenses:					
Program services	1,131,749			1,131,749	731,334
Supporting services:					
General administrative	1,048,706			1,048,706	978,341
Development	175,720			175,720	174,853
Total supporting services	1,224,426			1,224,426	1,153,194
Total expenses	2,356,175			2,356,175	1,884,528
Change in net assets from operations	301,845	693,602		995,447	688,400
Other changes:					
Depreciation	(21,081)			(21,081)	(29,079)
Amortization of closing costs	(4,384)			(4,384)	(4,384)
All-American Council income		313,415		313,415	
Net investment income	1,452	1,502		2,954	5,613
Change in actuarial value of unitrusts		1,818	$ 1,354	3,172	(4,059)
Professional fees - legal	(139,489)			(139,489)	(143,356)
Change in net assets after other changes	138,343	1,010,337	1,354	1,150,034	513,135
Net assets at beginning of year	(843,460)	808,026	1,019,075	983,641	470,506
Net assets at end of year	$ (705,117)	$ 1,818,363	$ 1,020,429	$ 2,133,675	$ 983,641

See notes to financial statements.

The Orthodox Church in America
Statement of Cash Flows
Year Ended December 31, 2011
With Comparative Figures for the Year Ended December 31, 2010

	2011	2010
Cash flows from operating activities:		
Change in net assets	$1,150,034	$ 513,135
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Depreciation	21,081	29,079
Amortization of mortgage closing costs	4,384	4,384
Net realized and unrealized gain on investments	(434)	(531)
Termination of unitrust	115,714	
Change in actuarial valuation of annuities and unitrusts	(3,172)	4,059
(Increase) decrease in:		
Assessments and other accounts receivable	3,391	(43,901)
Note receivable	775	1,350
Prepaid expenses	(3,218)	(6,340)
Bequest receivable	(946,595)	10,000
Increase (decrease) in:		
Accounts payable and accrued expenses	92,948	(293,393)
Deferred revenue	18,121	7,447
Net cash provided by operating activities	453,029	225,289
Cash flows from investing activities:		
Purchase of equipment	(30,000)	(8,359)
Purchase of investments	(677,419)	(274,476)
Proceeds from sale of investments	652,349	271,080
Net cash used by investing activities	(55,070)	(11,755)
Cash flows from financing activities:		
Repayment of principal	(118,466)	(109,490)
Net cash used by financing activities	(118,466)	(109,490)
Net increase in cash	279,493	104,044
Cash at beginning of year	464,805	360,761
Cash at end of year	$ 744,298	$ 464,805
Supplemental disclosure of cash flow information:		
Cash paid for interest expense	$ 60,038	$ 69,014

See notes to financial statements.

1. Organization and Purpose:

The Orthodox Church in America (the "Church") was originally founded as a mission and later became a diocese in the Orthodox Church of Russia, uniting in its fold Orthodox Christians of various national backgrounds and traditions. It subsequently developed into a self-governing Metropolitanate, the Russian Orthodox Greek Catholic Church of America. Confirmation as an Autocephalous Church was accomplished by the action of the Patriarch and Holy Synod of Russia on April 10, 1970. The Orthodox Church in America was proclaimed an Autocephalous Church on October 19, 1970, at the sessions of the All-American Council held at St. Tikhon's Monastery in South Canaan, Pennsylvania.

The Orthodox Church in America is an Autocephalous Church with territorial jurisdiction in the United States of America and the Commonwealth of Canada. Its doctrine, discipline, and worship are those of the One, Holy, Catholic, and Apostolic Church as taught by the Holy Scriptures, Holy Tradition, the Ecumenical and Provincial Councils, and the Holy Fathers.

The Orthodox Church in America is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Church has been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the Code.

2. Summary of Significant Accounting Policies:

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

a. Accrual Basis Financial Statements

The accompanying financial statements have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America and in accordance with the principles of not-for-profit accounting.

b. Net Assets

The Orthodox Church in America reports in accordance with FASB ASC 958. FASB ASC 958 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor-imposed) restrictions. The net assets of the Church and changes therein are classified and reported as follows:

- Unrestricted net assets include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the organization to utilize funds in furtherance of its mission.

- Temporarily restricted net assets carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because certain actions are taken by the Church which fulfill the restrictions or because of the passage of time. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

2. Summary of Significant Accounting Policies: (Continued)

- Permanently restricted net assets are those that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be permanently retained. Generally, the donors of these funds permit the organization to use all or part of the income earned on related investments, and the net capital appreciation thereon, for general or specific purposes.

c. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2011, there is no allowance.

d. Contributions

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give (pledges). Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Contributions of property, buildings and equipment without donor stipulation concerning the use of such long-lived assets are reported as revenues of the unrestricted net assets. Contributions of cash or other assets to be used to acquire property, plant and equipment are reported as revenue of the temporarily restricted net assets; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

e. Cash and Cash Equivalents

Cash and cash equivalents include all cash on hand and in banks. The Church also considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

f. Investments

Investments in equity securities with readily determinable fair market values and all investments in debt securities are reported at fair market value, with gains and losses included in the statement of activities. Donated investments are reflected as contributions at their fair market values at date of receipt. In addition, the Church considers certain cash, money market, and highly liquid investments to be either temporarily or permanently restricted as long-term investments.

g. Investment Pools

The Church maintains master investment accounts for its donor-restricted and board-designated endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the market value of each endowment to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

2. Summary of Significant Accounting Policies: (Continued)

h. Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost, or, if donated, at the estimated fair market value at the date of donation. Depreciation is recorded using the straight-line method at various rates calculated to allocate the cost of the respective items over their estimated useful lives.

Estimated useful lives are:

Buildings and improvements	40 years
Furniture and equipment	3-10 years
Software	3 years

Donations of land, buildings, and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support.

If there are no donor stipulations regarding how long those donated assets must be maintained, the Church reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Church reclassifies temporarily restricted net assets to unrestricted net assets at that time.

i. Fair Value Measurements

Fair market value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the entity transacts. The Church must determine whether its assets and liabilities recorded at fair value were based on Level 1 (valued based on quoted prices in an active market for identical assets), Level 2 (valued based on significant other observable inputs), or Level 3 (valued based on significant unobservable inputs) measurements within the fair value hierarchy.

j. Adoption of New York Prudent Management of Institutional Funds Act (NYPMIFA)

The State of New York enacted NYPMIFA effective September 17, 2010, the provisions of which apply to endowment funds existing on or established after that date. Based upon the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), a model state law drafted in 2006, NYPMIFA updates and broadens standards governing the management and investment of charitable gifts by New York nonprofit institutions. Management of the Church intends to review NYPMIFA, in its entirety, with legal counsel, to fully understand the extent of the law's new requirements and determine the appropriate accounting treatment and application to future periods.

k. Accounting for Uncertainty in Income Taxes

The Church's current accounting policy is to disclose liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor is it aware of any exposure to unrelated business income tax.

2. Summary of Significant Accounting Policies: (Continued)

l. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from their estimates.

m. Prior Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Church's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

n. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

o. Reclassification

Certain amounts previously reported in the financial statements for December 30, 2010 have been reclassified to facilitate comparability with the December 31, 2011 amounts with no effect on the change in net assets as previously reported.

3. Cash and Cash Equivalents:

Cash and cash equivalents at December 31, 2011 consist of the following:

Unrestricted operating funds	$443,292
St. Sergius Chapel account	22,390
Reserve account	39,327
Honesdale – checking	15,701
Honesdale – restricted money market	223,588
	$744,298

4. Concentration of Risk:

Concentration of risk arises from cash deposits in a bank in excess of the federally insured limit of $250,000. Non-interest bearing transaction accounts are temporarily federally insured with no limits through December 31, 2012. There were no cash and cash equivalents in accounts other than non-interest bearing transaction accounts in excess of the federally insured limit at December 31, 2011.

5. Assessments and Accounts Receivable:

Assessments and accounts receivable at December 31, 2011 are comprised of the following:

Accounts receivable	$ 17,235
Assessments receivable	112,143
	$129,378

Accounts and assessments receivables are expected to be collected in the subsequent year.

6. Note Receivable:

A note receivable that originally totaled $55,000 is repayable in monthly installments of $250 and matures in August 2017. The loan was made to a priest who had significant medical expenses. The balance of the note as of December 31, 2011 is $16,508. Recently, this priest has had trouble making the agreed upon payments and has been paying what he can, when he can. The Church has decided to allow him to continue until his financial condition improves.

7. Bequest Receivable:

The Church was notified during 2011 that it was a 50% beneficiary in an estate. The total funds that the Church expects to receive are approximately $969,056, of which $946,595 is receivable at December 31, 2011. The remaining bequest receivable is expected to be collected during 2012.

8. Capitalized Mortgage Closing Costs:

Closing costs of $87,682 pertaining to a $1,700,000 refinance have been capitalized and are being amortized over the life of the loan (twenty years). As of December 31, 2011, accumulated closing cost amortization was $23,016, leaving a net balance of $64,666. Total amortization expense during the year ended December 31, 2011 was $4,384.

9. Investments:

Investments are reported at market value as of December 31, 2011 and consist of:

Money market funds	$ 217,942
Certificates of deposit	190,000
U.S. government agency obligations	240,559
Fixed income securities	10,520
Other (gift annuities held by third party)	530,549
	$1,189,570

Investment income is reported net of related expenses as follows:

Interest and dividend income	$ 4,743
Unrealized gains	434
Investment fees	(2,223)
Total	$ 2,954

10. Land, Buildings and Equipment:

A summary of land, buildings and equipment at December 31, 2011 follows:

Land, buildings and improvements	$ 531,783
Furniture, fixtures and equipment	455,251
Software	33,000
	1,020,034
Less: Accumulated depreciation	(760,778)
Total	$ 259,256

Depreciation expense for the year ending December 31, 2011 amounted to $21,081.

11. Long-term Debt:

Long-term debt at December 31, 2011 consisted of the following:

$1,700,000 mortgage loan payable bearing interest at an initial rate of 7.97% for the first 48 months (through September 2010). This mortgage is payable in monthly installments of principal and interest of $14,300 until September 2010, when the interest rate adjusted to the New York prime rate minus .25%,with a floor of 7.00%, at which time the corresponding monthly payment amount was re-amortized over the remaining term of the loan. The interest rate and corresponding monthly payment will readjust every 12th month thereafter until the maturity date in October 2026 when the loan is due and payable in full. The interest rate as of December 31, 2011 is 7%. This mortgage is collateralized by property in Oyster Bay, New York.	$ 677,468
The Church has an automobile loan payable, with interest at a fixed rate of 3.90%. The loan is payable in monthly installments of principal of $575 and is due and payable in full in January 2013. The balance of the loan as of December 31, 2011 is:	6,744
	$684,212

Estimated principal payments for the succeeding five years are as follows:

Year Ending December 31,	
2012	$127,880
2013	131,450
2014	142,475
2015	154,424
2016	127,983
	$684,212

Subsequent to year end, the Church made a large principal payment on the mortgage payable amounting to $211,366.

12. Lease Commitments:

The Church leases office equipment under non-cancellable operating leases. Expenses related to these leases amounted to $23,586 for the year ending December 31, 2011. Estimated future minimum lease payments by year and in the aggregate under the lease consists of the following as of December 31, 2011:

Year Ending December 31,

2012	$21,960
2013	13,392
2014	13,392
2015	13,392
	$62,136

13. Annuity and Unitrust Agreements:

Annuity agreements

The Church established gift annuities whereby donors may contribute assets in exchange for the right to receive an annual return during their lifetime. This transaction provides for a portion of the transfer to be considered a charitable contribution for income tax purposes. The difference between the amount of the annuity and the liability for future payments, determined on an actuarial basis, is recognized as income at the date of gift. The actuarial liability for annuities payable is evaluated annually (giving effect to investment income and payments to annuitants) and any surplus or deficiency is recognized as investment income. Assets held for annuities payable totaled $98,765 at December 31, 2011. The present value of the remaining future liability to be distributed by the Church at December 31, 2011 is	$ 89,686
Unitrust agreements	
The Church is named as beneficiary of several charitable remainder unitrusts. A unitrust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Church's use. The portion of the trust attributable to the present value of the future benefits to be received by the Church is recorded in the Statement of Activities as a temporarily restricted contribution in the period the trust is established. On an annual basis, the Church revalues the present value of the remaining future liability based upon actuarial assumptions. Assets held in the charitable remainder unitrusts totaled $431,784 at December 31, 2011. The present value of the remaining future liability to be distributed by the Church is calculated using various rates and applicable mortality tables and at December 31, 2011 totals	278,430
	$368,116

14. Fair Value Measurements:

The following table presents information about the Church's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2011, and indicates the fair value hierarchy of the valuation techniques the Church utilized to determine such fair value:

Assets:	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Unrestricted investments	$ 22,461	$ 22,461	
Endowment fund pool	466,944	466,944	
St. Andrew endowment	101,602	101,602	
FOS endowment fund	68,014	68,014	
Annuity and unitrusts	530,549	431,784	$ 98,765
	$ 1,189,570	$ 1,090,805	$ 98,765
Liabilities:			
Annuity and unitrusts	$ 368,116		$ 368,116
	$ 368,116		$ 368,116

The carrying value of cash, assessments and other accounts receivable, notes receivable, bequest receivable, prepaid expenses, accounts payable, and deferred revenue are reasonable estimates of their fair value due to the short-term nature of these financial instruments.

15. Temporarily Restricted Net Assets:

Temporarily restricted net assets are for the following purposes:

	12/31/2010 Balance	Additions	Releases	12/31/2011 Balance
Mission appeal	$ 27,470	$ 972,359	$ 30,773	$ 969,056
Seminary appeal	26,326	1,689	24,000	4,015
Publication reserve fund	19,556	10,000		29,556
Charity	78,320	7,865	14,835	71,350
Theological education - academic fellowship	59,300			59,300
Chaplain reserve	1,896			1,896
Uni-trust (life income) funds	155,782	4,328	2,724	157,386
General purpose endowment excess earnings	153,247			153,247
Restricted endowments excess earnings	276,302	31,860		308,162
Other restricted purposes	9,827	303,067	248,499	64,395
Total	$ 808,026	$ 1,331,168	$ 320,831	$ 1,818,363

16. Permanently Restricted Net Assets:

The Church's endowments include donor-restricted funds established for a variety of purposes. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Metropolitan Council to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions as specified in the *Summary of Significant Accounting Policies* outlined in these notes.

Interpretation of Relevant Law

As described in Note 2k above, Management intends to review the newly-enacted endowment legislation (NYPMIFA) *in its entirety,* with legal counsel, to fully understand the extent of the law's new requirements and determine the appropriate accounting treatment and application to future periods. Currently, the Metropolitan Council of the Church has interpreted the previous legislation, *Uniform Management of Institutional Funds Act* (UMIFA), as requiring the preservation of the historic dollar value of endowment funds at the time of the original contribution to the fund, absent donor stipulations to the contrary. As a result of this interpretation, the Church classifies as permanently restricted net assets:

a. the original value of gifts donated to the permanent endowment,
b. the original value of subsequent gifts to the permanent endowment; and
c. accumulations to the permanent endowment if directed by the applicable donor gift instrument.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets, unless such appreciation and income has been restricted by the original donor gift instrument for specific purposes. In the latter case, all appreciation and income would be classified as temporarily restricted net assets.

Return Objectives and Risk Parameters

The Church follows investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Church must hold in perpetuity, or for donor-specified periods. Under this policy, the endowment assets are invested in a manner that is intended to maximize returns while assuming a conservative level of investment risk. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Church relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Church targets a well-diversified and balanced asset allocation that places a greater emphasis on cash and fixed income investments (over 60%) to achieve its long-term return and growth objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Church has a policy of appropriating funds for distribution only to fund specific projects and programs, when needed. This spending policy allows the endowment funds to grow annually. This is consistent with the Church objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

16. Permanently Restricted Net Assets: (Continued)

Changes in endowment funds for the fiscal year ended December 31, 2011, consisted of the following:

	Net Assets			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Endowment net assets, beginning of year		$ 429,549	$ 1,019,075	$ 1,448,624
Interest and dividends, net of fees		700		700
Unrealized losses		801		801
Other changes		6,458		6,458
Change in value of unitrusts			1,354	1,354
Change in endowment net assets		7,959	1,354	9,313
Endowment net assets, end of year		$ 437,508	$ 1,020,429	$ 1,457,937

17. Retirement Plan:

The Church participates in the Orthodox Church in America pension plan, which is a multi-employer plan. The plan provides defined benefits with participation available to all full-time employees. The retirement benefit costs charged to expense in 2011 amounted to $43,212.

18. Subsequent Events:

Management of the Church has evaluated subsequent events through September 26, 2012, which is the date the financial statements were available to be issued. They discovered no subsequent events that should be disclosed.

The Orthodox Church in America
Supplemental Schedule of Expenses
Year Ended December 31, 2011
With Summarized Comparative Figures for the Year Ended December 31, 2010

	Program	General and Administrative	Development	2011 Totals	2010 Totals
Program services, including related salaries:					
Website and public relations	$ 93,183			$ 93,183	$ 57,835
Newspaper, Sourcebook/Calendar	88,343			88,343	76,817
History and archives	96,312			96,312	95,352
Publication and press					700
External affairs	115,509			115,509	110,613
Charity	20,585			20,585	20,500
Missions and stewardship	41,417			41,417	38,354
Humanitarian aid					475
Seminaries	24,000			24,000	
Education and community life	23,952			23,952	14,358
Fellowship of Orthodox Stewards					602
Youth ministry	20,719			20,719	33,688
Pastoral life	36,819			36,819	24,238
Preconciliar commission	10,542			10,542	13,482
All-American Council	247,938			247,938	
Miscellaneous					563
Supporting services:					
Salaries and stipends	34,167	$ 546,674	$ 102,501	683,342	619,561
Payroll taxes and employee benefits	57,776	114,522	19,144	191,442	178,654
Supplies and other office expenses	19,838	19,569	3,914	43,321	41,374
Telephone and interest	6,098	7,622	1,524	15,244	16,257
Professional fees and contracted services		117,106	23,829	140,935	119,645
Travel	95,315	119,144	103	214,562	156,066
Meetings and conferences	411	513	6,004	6,928	7,346
Interest expense	24,015	30,019	2,516	56,550	69,014
Property taxes and town fees	10,066	12,582	8,726	31,374	25,172
Repairs and maintenance/building and grounds	34,905	43,632	2,764	81,301	69,694
Building utilities	11,054	13,818	820	25,692	24,378
Postage and shipping	3,281	4,101		7,382	4,258
Bad debt expense		25		25	19,126
Publications					146
Insurance	12,489	15,611	3,122	31,222	31,907
Bank and credit card fees	2,293	2,866	573	5,732	3,670
Miscellaneous	722	902	180	1,804	10,683
Operating expenses before depreciation, amortization and professional fees	1,131,749	1,048,706	175,720	2,356,175	1,884,528
Depreciation	8,432	10,541	2,108	21,081	29,079
Amortization of closing costs	1,754	2,192	438	4,384	4,384
Professional fees - legal		139,489		139,489	143,356
Total expenses	$ 1,141,935	$ 1,200,928	$ 178,266	$ 2,521,129	$ 2,061,347

See auditor's report on supplementary information.

Schedule 1