

November 14, 2008

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We are providing this letter in connection with your audit of the statement of financial position of Orthodox Church in America as of December 31, 2007 and the related statements of activities, functional expenses, program services, and cash flows for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in net assets, and cash flows of Orthodox Church in America in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of November 13, 2008, the following representations made to you during your audit.

- a. Except as made known to you, the financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all assets and liabilities under the Organization's control.
- b. We have made available to you all—
  - a) Financial records and related data.
  - b) Minutes of the meetings of the Holy Synod of Bishops and the Metropolitan Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
- c. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- d. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- e. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- f. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
- g. Except as made known to you, we have no knowledge of any fraud or suspected fraud affecting the Organization involving—
- Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- h. Except as made known to you, we have no knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others.
- i. The Church's management authorized an internal investigation of the Church's finances by a Special Investigation Committee ("SIC"). Based on the findings of the SIC, the Church's management believes that, in prior years, funds donated to the Church for both restricted and unrestricted purposes were misappropriated and not used for their intended purposes. The SIC could not quantify the full amount of the misappropriation.
- j. The Organization has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
- k. The following, if any, have been properly recorded or disclosed in the financial statements:
- Related party transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - Guarantees, whether written or oral, under which the Organization is contingently liable.
  - All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
- l. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the organization vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
- m. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

- n. Orthodox Church in America is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- o. Except as made known to you, there are no—
- a) Violations or possible violations of laws and regulations and provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or for reporting on noncompliance.
  - b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5, Accounting for Contingencies.
  - c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.
  - d) Designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.
- p. The Church is involved in several litigation proceedings. A former employee is suing the church to recover \$250,000 plus interest allegedly due on a promissory note. The parties are now commencing pre-trial discovery proceedings. Management is contesting the action. The Church's attorney evaluates that the likelihood of an unfavorable outcome can not be determined at this time.

The Church has commenced an action against two former employees for breach of fiduciary duties. The money damages are to be determined at trial. The case is in the pleading phase. Discovery has not yet commenced. Management is pursuing the claims. The Church's attorney evaluates that the likelihood of an unfavorable outcome can not be determined at this time.

The Church has been named in a wrongful termination action by the former employee discussed in the preceding paragraph. The church's attorney can not evaluate the claim at this time.

The Church has been named in a complaint with the U.S. Equal Employment Opportunity Commission against it by a former employee. The Church's attorney evaluates that the likelihood of an unfavorable outcome is no more than reasonably possible.

- q. Except as made known to you and as represented in item "i", the Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.
- r. Except as made known to you, we have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
- s. Because of the inadequacy of accounting records regarding the classification of net assets, net assets have not been classified in accordance with SFAS 117 as unrestricted, temporarily restricted, or permanently restricted net assets based on the absence or existence and type of donor-imposed restrictions.
- t. Net assets at the beginning of 2007 have been adjusted for a correction of an error in the estimation of a unitrust annuity liability in prior years. The correction has no effect on the results of the current year's activities. However, the cumulative effect decreases beginning net assets and increases the beginning annuity and unitrust agreement liability by \$356,531. Previously issued financial statements have not been restated to correct this error.
- u. The Church's investments include marketable equity securities. Such securities are subject to various risks. Due to the level of risk associated with certain equity securities and the level of uncertainty related to changes in the value of these securities, it is at least reasonably possible that changes in market conditions in the near term could materially affect the value of investments reported in the financial statements. The market value of investments at November 7, 2008 was approximately \$1,900,000, which included all transactions through that date including market value decline.

No events have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

Signed: V. Rev. Alexander Marklano

Signed: Rev. Mitch Johnson

Title: Chancellor

Title: Treasurer

Schedule of uncorrected financial statement misstatements

Unpaid legal fees due Proskauer Rose LLP which were not accrued at December 31, 2007 amounted to \$7,624.97.