

**THE ORTHODOX CHURCH IN AMERICA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Orthodox Church in America

### Opinion

We have audited the accompanying financial statements of The Orthodox Church in America (a nonprofit organization), which comprise the statements of financial position as of December 31, 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 financial statements referred to above present fairly, in all material respects, the financial position of The Orthodox Church in America as of December 31, 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 audits in accordance with auditing standards generally accepted in the United States of America. 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 Orthodox Church in America 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 Orthodox Church in America's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Orthodox Church in America'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 Orthodox Church in America'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.

A handwritten signature in black ink that reads "Satty, Levine & Ciacco CPAs PC". The signature is written in a cursive, slightly slanted style.

Satty, Levine & Ciacco, CPAs, P.C.  
Melville, New York  
October 11, 2024

**THE ORTHODOX CHURCH IN AMERICA**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,461,879	\$ 1,844,095
Restricted cash	499,975	116,139
Investments:		
Endowment pool fund	2,001,332	1,590,453
St. Andrew endowment fund	151,730	126,589
FOS endowment fund	148,241	102,645
Missions endowment fund	1,287,168	1,033,275
Annuity and unitrust fund	119,376	122,337
	<u>3,707,847</u>	<u>2,975,299</u>
Accounts receivable, net	165,462	136,963
Note receivable	150,000	150,000
Prepaid expenses	10,000	-
Property and equipment, net	159,017	292,193
Security deposits	8,930	8,930
Right of use asset - office lease	160,976	168,759
	<u>6,324,086</u>	<u>5,692,378</u>
<b>TOTAL ASSETS</b>	<u>\$ 6,324,086</u>	<u>\$ 5,692,378</u>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 142,931	\$ 84,455
Lease liability - office lease	162,997	169,765
Annuity and unitrust agreements	77,144	82,107
	<u>383,072</u>	<u>336,327</u>
<b>TOTAL LIABILITIES</b>	<u>383,072</u>	<u>336,327</u>
<b>NET ASSETS:</b>		
Without donor restrictions		
Undesignated	1,408,472	1,605,892
Invested in property and equipment	159,017	292,193
	<u>1,567,489</u>	<u>1,898,085</u>
Total without donor restrictions	1,567,489	1,898,085
With donor restrictions	4,373,525	3,457,966
	<u>5,941,014</u>	<u>5,356,051</u>
<b>TOTAL NET ASSETS</b>	<u>5,941,014</u>	<u>5,356,051</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 6,324,086</u>	<u>\$ 5,692,378</u>

The accompanying notes are an integral part of these financial statements.

**THE ORTHODOX CHURCH IN AMERICA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>OPERATING SUPPORT, REVENUES AND RECLASSIFICATIONS</b>			
Support:			
Diocesan assessments	\$ 1,718,073	\$ -	\$ 1,718,073
General contributions	55,081	665,803	720,884
All American Council	-	-	-
Total support	<u>1,773,154</u>	<u>665,803</u>	<u>2,438,957</u>
Revenues:			
Interest and dividends	8,419	76,013	84,432
Investment income, net	927	659,955	660,882
Other revenue	7,289	-	7,289
Total revenues	<u>16,635</u>	<u>735,968</u>	<u>752,603</u>
Reclassifications:			
Net assets released from restrictions	490,705	(490,705)	-
Total operating support, revenue and reclassifications	<u>2,280,494</u>	<u>911,066</u>	<u>3,191,560</u>
<b>EXPENSES:</b>			
Program services	956,089	-	956,089
General and administrative	1,626,123	-	1,626,123
Development	28,878	-	28,878
Total expenses	<u>2,611,090</u>	<u>-</u>	<u>2,611,090</u>
Change in net assets from operations	(330,596)	911,066	580,470
Nonoperating activities			
Change in actuarial value of annuities and unitrusts	-	4,963	4,963
Investment income, net	-	(470)	(470)
Total operating activities	<u>-</u>	<u>4,493</u>	<u>4,493</u>
Change in net assets	(330,596)	915,559	584,963
Net assets at beginning of year	<u>1,898,085</u>	<u>3,457,966</u>	<u>5,356,051</u>
Net assets at end of year	<u>\$ 1,567,489</u>	<u>\$ 4,373,525</u>	<u>\$ 5,941,014</u>

The accompanying notes are an integral part of these financial statements.

**THE ORTHODOX CHURCH IN AMERICA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>OPERATING SUPPORT, REVENUES AND RECLASSIFICATIONS</b>			
Support:			
Diocesan assessments	\$ 1,978,403	\$ -	\$ 1,978,403
General contributions	126,809	870,764	997,573
All American Council	108,839	-	108,839
Total support	<u>2,214,051</u>	<u>870,764</u>	<u>3,084,815</u>
Revenues:			
Interest and dividends	8,012	52,721	60,733
Investment income, net	18,257	(626,081)	(607,824)
Other revenue	92,858	-	92,858
Total revenues	<u>119,127</u>	<u>(573,360)</u>	<u>(454,233)</u>
Reclassifications:			
Net assets released from restrictions	<u>1,049,674</u>	<u>(1,049,674)</u>	<u>-</u>
Total operating support, revenue and reclassifications	<u>3,382,852</u>	<u>(752,270)</u>	<u>2,630,582</u>
<b>Expenses:</b>			
Program services	1,928,996	-	1,928,996
General and administrative	1,376,945	-	1,376,945
Development	25,946	-	25,946
Total expenses	<u>3,331,887</u>	<u>-</u>	<u>3,331,887</u>
Change in net assets from operations	50,965	(752,270)	(701,305)
Nonoperating activities			
Change in actuarial value of annuities and unitrusts	-	12,131	12,131
Investment income, net	-	(4,759)	(4,759)
Total operating activities	<u>-</u>	<u>7,372</u>	<u>7,372</u>
Change in net assets	50,965	(744,898)	(693,933)
Net assets at beginning of year	<u>1,847,120</u>	<u>4,202,864</u>	<u>6,049,984</u>
Net assets at end of year	<u>\$ 1,898,085</u>	<u>\$ 3,457,966</u>	<u>\$ 5,356,051</u>

The accompanying notes are an integral part of these financial statements.

**THE ORTHODOX CHURCH IN AMERICA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>EXPENSES:</b>				
Salaries, wages and benefits	\$ 393,358	\$ 925,131	\$ -	\$ 1,318,489
Transportation, travel, meals and related expenses	134,939	88,881	-	223,820
Professional fees and other outside services	140,106	173,523	9,963	323,592
Scholarships, grants and other assistance	154,961	23,000	-	177,961
Equipment, supplies and other religious materials	11,296	9,184	170	20,650
Rent	1,016	109,465	-	110,481
Repairs and maintenance	4,606	21,848	-	26,454
Utilities	2,650	25,109	-	27,759
Telephone	1,005	12,880	16,990	30,875
Insurance	-	37,925	-	37,925
Printing, postage and delivery services	1,258	7,157	1,755	10,170
Dues, fee and subscriptions	33,051	2,177	-	35,228
Conferences and meetings	77,808	159	-	77,967
Bank charges	35	4,989	-	5,024
Depreciation expense	-	29,108	-	29,108
Facility payment in lieu of taxes	-	43,027	-	43,027
Other administrative expense	-	109,227	-	109,227
Payroll processing fees	-	3,333	-	3,333
<b>TOTAL EXPENSES</b>	<u>\$ 956,089</u>	<u>\$ 1,626,123</u>	<u>\$ 28,878</u>	<u>\$ 2,611,090</u>

The accompanying notes are an integral part of these financial statements.



**THE ORTHODOX CHURCH IN AMERICA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>EXPENSES:</b>				
Salaries, wages and benefits	\$ 437,842	\$ 892,490	\$ -	\$ 1,330,332
Transportation, travel, meals and related expenses	369,806	81,595	394	451,795
Professional fees and other outside services	162,841	73,425	14,187	250,453
Scholarships, grants and other assistance	812,054	12,590	-	824,644
Equipment, supplies and other religious materials	58,223	19,731	60	78,014
Rent	-	54,585	-	54,585
Repairs and maintenance	-	35,573	-	35,573
Utilities	-	34,474	-	34,474
Telephone	850	11,377	11,305	23,532
Insurance	-	40,842	-	40,842
Printing, postage and delivery services	10,530	10,740	-	21,270
Dues, fee and subscriptions	27,121	2,445	-	29,566
Conferences and meetings	31,854	199	-	32,053
Bank charges	17,875	5,185	-	23,060
Depreciation expense	-	35,317	-	35,317
Facility payment in lieu of taxes	-	38,865	-	38,865
Miscellaneous	-	25,229	-	25,229
Payroll processing fees	-	2,283	-	2,283
<b>TOTAL EXPENSES</b>	<u>\$ 1,928,996</u>	<u>\$ 1,376,945</u>	<u>\$ 25,946</u>	<u>\$ 3,331,887</u>

The accompanying notes are an integral part of these financial statements.

**THE ORTHODOX CHURCH IN AMERICA**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 584,963	\$ (693,933)
<b>Adjustments to reconcile change in net assets to net cash</b>		
<b>(used in) provided by operating activities:</b>		
Depreciation expense	29,108	35,317
Amortization of right of use asset - office lease	91,158	33,234
Loss on archives project	104,068	-
Net (appreciation) in fair market value of investments	(681,087)	584,967
Net change in actuarial value of annuities and unitrusts	(4,963)	(12,131)
<b>(Increase) decrease in:</b>		
Accounts receivable	(28,499)	(24,777)
Prepaid expenses	(10,000)	21,676
Security deposit	-	(8,930)
<b>Increase (decrease) in:</b>		
Accounts payable and accrued expenses	58,476	42,994
Lease liability - office lease	(90,143)	(32,228)
Retirement obligations	-	(37,552)
Deferred revenue	-	(220,328)
<b>TOTAL ADJUSTMENTS</b>	<u>(531,882)</u>	<u>382,242</u>
Net cash (used in) operating activities	<u>53,081</u>	<u>(311,691)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Proceeds from sale of investments	407,250	853,870
Purchase of investments	(458,711)	(877,392)
Net cash (used in) investing activities	<u>(51,461)</u>	<u>(23,522)</u>
Net (decrease) in cash and restricted cash	1,620	(335,213)
Cash and restricted cash - beginning of year	<u>1,960,234</u>	<u>2,295,447</u>
Cash and restricted cash - end of year	<u>\$ 1,961,854</u>	<u>\$ 1,960,234</u>

The accompanying notes are an integral part of these financial statements.

**THE ORTHODOX CHURCH IN AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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**NOTE 1. ORGANIZATION AND BASIS OF ACCOUNTING AND PRESENTATION**

**A. ORGANIZATION**

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 Church 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 Church 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.

**B. BASIS OF ACCOUNTING**

The financial statements of the Church have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

**C. BASIS OF PRESENTATION**

The financial statements of The Orthodox Church in America have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require The Orthodox Church in America to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Church. These net assets may be used at the discretion of The Orthodox Church in America's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of The Orthodox Church in America or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**D. MEASURE OF OPERATIONS**

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to The Orthodox Church in America's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

**THE ORTHODOX CHURCH IN AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. CASH AND CASH EQUIVALENTS**

The Church considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**B. INVESTMENTS**

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

**C. FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Church groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

**Level 1:** Unadjusted quoted market prices for identical assets and liabilities in active markets as of the measurement date.

**Level 2:** Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in markets that are not active.
- Inputs other than quoted prices that are observable for the asset/liability.
- Inputs that are derived principally from, or corroborated by, other observable market data.

**Level 3:** Unobservable inputs that cannot be corroborated by observable market data.

**D. 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 the 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. Management has determined that no allowance is needed at December 31, 2023 and 2022.

**E. PROPERTY AND EQUIPMENT**

Building and equipment are stated at cost or at their estimated fair market value if donated. Costs in excess of \$3,000 and the value of donated property and equipment are capitalized. Depreciation is provided on the straight-line method over the estimated useful life of the asset. The estimated useful lives of assets are as follows:

Building and improvements	5-40 years
Furniture, fixtures and equipment	5-7 years
Auto and truck	3-10 years
Software	5-7 years

**THE ORTHODOX CHURCH IN AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. ENDOWMENT INVESTMENT AND SPENDING POLICIES**

The Church maintains master investment accounts for its donor-restricted endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated quarterly 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. In classifying such funds for financial statement purposes as either net assets with donor restrictions or net assets without donor restrictions, the Board of Trustees looks to the explicit directions of the donor where applicable and the provisions of the laws of the State of New York. The Trustees have determined that, absent donor stipulations to the contrary, the provisions of New York State law do not impose either a permanent or temporary restriction on the income or capital appreciation derived from the original gift.

The Board of Trustees, acting through its Finance and 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 over the long-term.

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.

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 portfolio to achieve its long-term return and growth objectives within prudent risk constraints.

**G. CONTRIBUTIONS AND DIOCESAN ASSESSMENTS**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Diocesan contributions or assessments are recorded as revenue in the year the dioceses are assessed. Such revenue is calculated and assessed based upon an approved percentage of each diocese's budget.

**THE ORTHODOX CHURCH IN AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

H. CONTRIBUTED SERVICES

Contributed services are recognized as contributions at their estimated fair value in accordance with the Financial Accounting Standards Board authoritative guidance on *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased.

For the years ended December 31, 2023 and 2022, The Orthodox Church in America the Church did not receive any donated professional services.

I. FUNCTIONAL EXPENSE ALLOCATION

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses which are easily and directly associated with a particular program or supporting service are charged directly to that functional area. Certain other expenses have been allocated among the program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries, wages and benefits	Time and effort
Transportation, travel, meals and related expenses	Actual or time and effort
Professional fees and other outside services	Actual or time and effort
Scholarship, grants and other assistance	Actual
Other	Actual, square footage or time and effort

J. USE OF ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

K. IMPAIRMENT LOSSES

Management reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Impairment is measured at the amount by which the carrying value exceeds the asset's fair value. If the asset is determined to be impaired, an impairment loss is recognized as a non-operating expense (non-cash) in the year the impairment was determined. There were no impairment losses recognized during the years ended December 31, 2023 and 2022.

L. INCOME TAXES

The Church is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and comparable New York State law. Contributions to it are tax deductible within the limitations prescribed by the code.

The most significant tax positions of the Church are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business tax. All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities.

**THE ORTHODOX CHURCH IN AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**M. RECLASSIFICATION**

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

**N. 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 change in actuarial value of annuities and unitrusts in the statements of activities. Assets held for annuities payable totaled \$54,567 at December 31, 2023 (\$59,480 in 2022). The present value of the remaining future liability to be distributed by the Church amounted to \$42,762 in 2023 and \$47,643 in 2022.

**O. UNITRUST AGREEMENTS**

The Church is named as beneficiary of various charitable remainder unitrusts and acts as the trustee. These agreements provide for the payment of lifetime distributions to the grantor or other designated beneficiaries. Upon receipt of these agreements, the actuarially determined present value of future payments is recorded as a liability. The remaining portion of the trust attributable to the Church's future interest is recorded in the statements of activities as contributions with donor restrictions in the period received. On an annual basis, the present value of the remaining future liability is revalued based upon actuarial assumptions. Assets held in the charitable remainder unitrusts totaled \$64,810 at December 31, 2023 (\$62,857 at December 31, 2022). The present value of the remaining future liability to be distributed by the Church is calculated using various rates and applicable mortality tables and totaled \$34,382 at December 31, 2023 (\$34,464 at December 31, 2022).

**P. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT**

Effective January 1, 2022 the Church adopted FASB ASC 842, *Leases*. The new standard requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The new standard establishes a right-of-use model ("ROU") that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities.

The Church elected to adopted the new standard on its effective date using a modified retrospective transition approach as required, applying the new standard to all leases existing at the date of initial application. Consequently, financial information will not be updated and the disclosures required under the new standard will not be provided for dates and periods before January 1, 2022. The new standard provides a number of optional practical expedients in transition. The Church elected the package of practical expedients, which permits the Church not to reassess under the new standard prior conclusions about lease identification, lease classification and initial direct costs. The Church also elected the practical expedient which permits the use of a risk -free rate as the discount rate for all leases and the practical expedient to not separate lease and non-lease components for all the Church's leases.

The adoption of the new standard had a material effect on the Church's statement of financial position but did not have a material impact on the statement of activities. The most significant impact related to the recognition of a ROU assets and lease liability is for operating leases. Adoption of the standard required the Organization to restate amounts as of January 1, 2022, resulting in an increase in operating lease ROU asset of \$201,993 and an increase in operating lease liability of \$201,993.

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**NOTE 3. AVAILABILITY AND LIQUIDITY**

The following represents The Orthodox Church in America's financial assets at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,461,879	\$ 1,844,095
Restricted cash	499,975	116,139
Investments	3,707,847	2,975,299
Accounts receivable, net	165,462	136,963
Total financial assets	<u>5,835,163</u>	<u>5,072,496</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>4,373,525</u>	<u>3,457,966</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,461,638</u>	<u>\$ 1,614,530</u>

The Church's goal is generally to maintain financial assets to meet the general operating expenses.

**NOTE 4. RESTRICTED CASH**

The cash is restricted for the purpose of the thriving in ministry initiative grant. Restricted cash at December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Restricted cash - Thriving in ministry program	<u>\$ 499,975</u>	<u>\$ 116,139</u>

**NOTE 5. INVESTMENTS**

Investments are reported at fair value in accordance with authoritative guidance issued by the Financial Accounting Standards Board on *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Fair value is determined by using quoted market prices, where available. When quoted market prices are not available, the present value of estimated or expected future cash flows or another reasonable method is used.

Investments as of December 31, 2023 and 2022 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Corporate equity securities	\$ 3,104,139	\$ 2,297,823
Money market funds	462,354	529,733
Fixed income securities	29,762	28,842
Mutual funds	57,025	59,421
Annuity investments	54,567	59,480
	<u>\$ 3,707,847</u>	<u>\$ 2,975,299</u>

At December 31, 2023 and 2022, all investments were considered level 1 investments, except for the annuity investments which were considered level 2 investments.



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**NOTE 6. PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Land (non-depreciable)	\$ 45,000	\$ 45,000
Archive room improvements in progress (non-depreciable)	-	104,067
Building and improvements	570,508	570,508
Furniture, fixtures and equipment	161,508	237,753
Software	-	33,000
Total property and equipment	<u>777,016</u>	<u>990,328</u>
Less: Accumulated depreciation	<u>(617,999)</u>	<u>(698,135)</u>
Property and equipment, net	<u>\$ 159,017</u>	<u>\$ 292,193</u>

**NOTE 7. EMPLOYEE BENEFIT PLANS**

**PENSION PLANS:**

The Orthodox Church in America sponsors The Orthodox Church in America Pension Plan (the “Plan”). Substantially all full-time employees of the Church and organizations under its jurisdiction participate in the Plan. The Plan, which is administered by the pension board of the Church, is a contributory plan, and provides defined benefits based on years of service and remuneration near retirement.

Eligible employees are all full-time employees and some part-time employees of the Church or organizations under the Church’s jurisdiction, except for employees that are older than age 60 at the time of employment. Bishops and priests become members of the Plan on the first day of the month after they begin service with the Church. 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 arrangements based upon initial participation date, 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 Church's required contribution to the Plan, was \$88,630 in 2023 and \$69,330 in 2022. The contribution made by the Church represented approximately 2.1% of the total contributions made to the Plan for each of the years ended December 31, 2023 and 2022. To the extent the Plan is underfunded, The Church and organizations under its jurisdiction may bear risk and future contributions to the Plan may increase.

The Plan is a non-electing church plan which means the Church, as Plan sponsor, has not elected for the Plan to be covered by the terms of the Employee Retirement Income Security Act of 1974 (ERISA), and the Plan is not required to file Form 5500. The Plan's fiscal year is from January 1 to December 31.

The following table discloses the name and funded status of the Plan as of January 1, 2023 and 2022 (the date of the latest actuarial valuation), inclusive of the fair value of plan assets as of December 31, 2023 and 2022:

<u>The Orthodox Church in America Pension Plan (Plan EIN: 06-1455789)</u>	<u>Actuarial present value of accumulated plan benefits</u>	<u>Fair value of plan assets</u>	<u>Total net contributions</u>	<u>Funded Status</u>
2023	\$ 60,974,031	\$ 24,659,254	\$ 4,146,115	40.44%
2022	\$ 59,649,213	\$ 22,712,519	\$ 3,301,281	38.08%

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**NOTE 7. EMPLOYEE BENEFIT PLANS (continued)**

OTHER RETIREMENT BENEFITS:

In 2007, the Church entered into an agreement with a former employee whereby the Church agreed to make monthly payments of \$950 to the former employee in lieu of retirement benefits from the separate Orthodox Church in American Pension Plan. The agreement existed to rectify a situation whereby the former employee had been improperly excluded from participation in the Orthodox Church in America Pension Plan, and continued until the former employee's death in May of 2022. Payments related to this agreement amounted to \$4,750 for the year ended December 31, 2022.

**NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes:

Net assets with donor restrictions, time and purposes were available for the following purposes as of December 31, 2023 and 2022:

	2022	Additions/ Investment Activities	Release	2023
Mission churches	\$ 1,077,264	\$ 253,893	\$ 32,318	\$ 1,298,839
Thriving in ministries	102,291	500,000	102,291	500,000
Economic challenges	-	50,000	7,627	42,373
Archives fund	101,473	-	55,963	45,510
Restricted endowments				
excess earnings	409,671	346,954	24,834	731,791
General purpose endowment				
excess earnings	212,920	134,662	13,766	333,816
Charity	69,601	-	-	69,601
Theological education -				
academic fellowship	59,300	-	-	59,300
Publication reserve fund	29,556	-	-	29,556
Seminary appeal	5,638	2,803	8,441	-
Mission planting	139,384	112,000	110,667	140,717
Youth director	45,303	1,000	-	46,303
St. Catherine's (Iconostasis)	120,000	-	120,000	-
Other	18,899	-	14,798	4,101
	<u>\$ 2,391,300</u>	<u>\$ 1,401,312</u>	<u>\$ 490,705</u>	<u>3,301,907</u>
Donor restricted endowment funds				
General purposes				251,010
Restricted purposes				790,262
Charitable remainder unitrust				<u>30,346</u>
Total net assets with donor restrictions				<u>\$ 4,373,525</u>

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**NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS (continued)**

	2021	Additions/ Investment Activities	Release	2022
Mission churches	\$ 1,296,954	\$ (184,906)	\$ 34,784	\$ 1,077,264
Thriving in ministries	265,046	-	162,755	102,291
Archives fund	135,664	-	34,191	101,473
Restricted endowments				
excess earnings	700,046	(259,871)	30,504	409,671
General purpose endowment				
excess earnings	331,100	(100,908)	17,272	212,920
Charity	69,601	738,566	738,566	69,601
Theological education -				
academic fellowship	59,300	-	-	59,300
Publication reserve fund	29,556	-	-	29,556
Seminary appeal	5,638	3,005	3,005	5,638
Mission planting	80,525	80,075	21,216	139,384
Youth director	45,303	-	-	45,303
St. Catherine's (Iconostasis)	120,000	-	-	120,000
Other	8,030	18,250	7,381	18,899
	<u>\$ 3,146,763</u>	<u>\$ 294,211</u>	<u>\$ 1,049,674</u>	<u>2,391,300</u>
Donor restricted endowment funds				
General purposes				248,011
Restricted purposes				790,262
Charitable remainder unitrust				<u>28,393</u>
Total net assets with donor restrictions				<u>\$ 3,457,966</u>

**NOTE 9. ENDOWMENTS**

The Church's endowments consist of approximately 40 individual funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Church classifies as donor-restricted net assets (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the 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 is classified as donor-restricted net assets until those amounts are appropriated for expenditure by the Church. The Church considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund.
- 2) The purposes of the Church and the donor-restricted endowment fund.
- 3) General economic conditions.
- 4) The possible effect of inflation and deflation.
- 5) The expected total return from income and the appreciation of investments.
- 6) Other resources of the Church.
- 7) The investment policies of the Church.

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**NOTE 9. ENDOWMENTS (continued)**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or endowment agreement requires the Church to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature would be reported in net assets without donor restrictions and that future gains be allocated to net assets without donor restrictions until such losses have been restored.

The following represents a detail of the donor-restricted endowment net asset composition:

	With Purpose Restrictions	To be Held in Perpetuity	Total
Donor restricted endowments for 2023:			
General purposes	\$ 333,816	\$ 251,010	\$ 584,826
Restricted purposes	731,791	790,262	1,522,053
Total endowment funds	<u>\$ 1,065,607</u>	<u>\$ 1,041,272</u>	<u>\$ 2,106,879</u>
Endowment net assets, January 1, 2023	<u>\$ 622,591</u>	<u>\$ 1,038,273</u>	<u>\$ 1,660,864</u>
Investment return:			
Interest and dividend income, net of fees	47,792	-	47,792
Realized and unrealized gains	395,224	-	395,224
Total investment return	443,016	-	443,016
Contributions	-	2,999	2,999
Endowment net assets, December 31, 2023	<u>\$ 1,065,607</u>	<u>\$ 1,041,272</u>	<u>\$ 2,106,879</u>
Donor restricted endowments for 2022:			
General purposes	\$ 212,920	\$ 248,011	\$ 460,931
Restricted purposes	409,671	790,262	1,199,933
Total endowment funds	<u>\$ 622,591</u>	<u>\$ 1,038,273</u>	<u>\$ 1,660,864</u>
Endowment net assets, January 1, 2022	<u>\$ 1,031,146</u>	<u>\$ 1,023,876</u>	<u>\$ 2,055,022</u>
Investment return:			
Interest and dividend income, net of fees	33,062	-	33,062
Realized and unrealized losses	(441,617)	-	(441,617)
Total investment return	(408,555)	-	(408,555)
Contributions	-	14,397	14,397
Endowment net assets, December 31, 2022	<u>\$ 622,591</u>	<u>\$ 1,038,273</u>	<u>\$ 1,660,864</u>

**NOTE 10. OPERATING LEASES**

The Church evaluated current leases to determine which met the criteria of a lease. The right-of-use (ROU) asset represents the Church's right to use the underlying asset for the lease term, and the lease liability represent the Church's obligation to make lease payments arising from this lease. The ROU asset and lease liability, which arise from an operating lease, were calculated based on the present value of future lease payments over the lease terms. The Church has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2023, was 1.27%.

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**NOTE 10. OPERATING LEASES (continued)**

The Church's main operating lease is for its Chancery office. This lease expires June 30, 2025. The Church also has an operating lease for an apartment occupied by the Metropolitan. This lease expires June 30, 2025. The leases generally contain renewal options for periods ranging up to 5 years. Rental expense for these leases was \$110,481 and \$54,585 for the years ending December 31, 2023 and 2022, respectively.

Cash paid for the operating leases for the year ended December 31, 2023 was \$108,450. There were no noncash investing and financing transactions related to leasing.

The right-of-use asset and corresponding liability associated with future lease payments at December 31, 2023 are shown below:

Right-of-use assets	\$ 285,368
Amortization	(124,392)
Right-of-use assets, net	<u>\$ 160,976</u>
Lease liability	<u>\$ 162,997</u>
<u>Weighted average:</u>	
Discount rate	1.27%
Remaining lease term (years)	1.4

Future maturities of lease liabilities under these operating leases are as follows:

<u>December 31,</u>	
2024	\$ 111,376
2025	52,701
	<u>164,077</u>
Total lease payments	164,077
Less: Present value discount	<u>(1,080)</u>
Present value of lease liability	<u>\$ 162,997</u>

**NOTE 11. RELATED PARTY TRANSACTIONS**

Note receivable consists of a \$150,000 promissory note from the Orthodox Church Capital Improvement Fund. The original Promissory Note was dated May 21, 2018, with interest payable at 2.75%. The note called for monthly interest only payments of \$344 for 59 months commencing December 20, 2018 with a balloon payment of the principal balance of \$150,000 due December 20, 2023. The new Promissory Note is dated November 15, 2023, with interest payable at 4%. The note calls for ten semi-annual payments of interest only in the amount of \$3,000 commencing May 15, 2024 with a balloon payment of the principal balance of \$150,000 due November 15, 2028.

**NOTE 12. CONTINGENCIES**

The Church, in the normal course of its operations, is a party to various legal proceedings and complaints, some of which are covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management of the Church is not aware of any claims or contingencies, which are not covered by insurance that would have a material adverse effect on the Church's financial position, changes in net assets or cash flows.

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**NOTE 13. CONCENTRATION OF CREDIT RISK**

The Church maintains all of its cash, cash equivalents and investments in high credit quality financial institutions. Accounts at the institutions are either insured by the Federal Depository Insurance Corporation ("FDIC") or the Securities Investor Protection Corporation ("SIPC"). The FDIC insured limit for the years ended December 31, 2023 and 2022 was \$250,000. The SIPC insured limit for the years ended December 31, 2023 and 2022 was \$500,000. At December 31, 2023 and 2022, the Church had assets that were in excess of the FDIC limit by \$1,709,571 and \$1,753,295, respectively, and assets that were in excess of the SIPC limit by \$3,153,278 and \$2,415,818, respectively.

The Church's revenues are primarily from Diocesan contributions, general support and investment income.

**NOTE 14. SUBSEQUENT EVENTS**

The Church has evaluated events and transactions that occurred through October 11, 2024, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.