

**THE ORTHODOX CHURCH IN AMERICA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Orthodox Church in America

We have audited the accompanying financial statements of The Orthodox Church in America (a nonprofit Church), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 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, 2020 and 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Satty, Levine & Ciacco, CPAs, P.C.  
Melville, New York  
November 11, 2021

**THE ORTHODOX CHURCH IN AMERICA  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,159,166	\$ 383,990
Restricted cash	351,108	415,360
Investments:		
Endowment pool fund	1,660,859	1,432,836
St. Andrew endowment fund	128,984	125,152
FOS endowment fund	103,982	86,866
Missions endowment fund	1,084,809	935,810
Annuity and unitrust fund	143,279	148,091
	<u>3,121,913</u>	<u>2,728,755</u>
Accounts receivable, net	164,957	196,386
Note receivable	150,000	150,000
Prepaid expenses	3,500	3,500
Property and equipment, net	315,287	341,159
	<u>5,265,931</u>	<u>4,219,150</u>
<b>TOTAL ASSETS</b>	<b>\$ 5,265,931</b>	<b>\$ 4,219,150</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 89,455	\$ 69,314
Retirement obligations	37,552	37,552
Annuity and unitrust agreements	100,527	106,527
	<u>227,534</u>	<u>213,393</u>
<b>TOTAL LIABILITIES</b>	<b>227,534</b>	<b>213,393</b>
<b>NET ASSETS:</b>		
Without donor restrictions		
Undesignated	991,039	245,606
Invested in property and equipment	315,287	341,159
	<u>1,306,326</u>	<u>586,765</u>
Total without donor restrictions	1,306,326	586,765
With donor restrictions	3,732,071	3,418,992
	<u>5,038,397</u>	<u>4,005,757</u>
<b>TOTAL NET ASSETS</b>	<b>5,038,397</b>	<b>4,005,757</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,265,931</b>	<b>\$ 4,219,150</b>

See independent auditors' report and notes to financial statements.

**THE ORTHODOX CHURCH IN AMERICA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>OPERATING SUPPORT, REVENUES AND RECLASSIFICATIONS</b>			
Support:			
Diocesan assessments	\$ 1,762,805	\$ -	\$ 1,762,805
General contributions	112,395	53,383	165,778
Total support	1,875,200	53,383	1,928,583
Revenues:			
Interest and dividends	9,494	27,898	37,392
Investment income, net	21,595	348,211	369,806
Other revenue	231,481	-	231,481
Total revenues	262,570	376,109	638,679
Reclassifications:			
Net assets released from restrictions	125,030	(125,030)	-
Total operating support, revenue and reclassifications	2,262,800	304,462	2,567,262
<b>EXPENSES:</b>			
Program services	493,598	-	493,598
General and administrative	1,031,139	-	1,031,139
Development	18,502	-	18,502
Total expenses	1,543,239	-	1,543,239
Change in net assets from operations	719,561	304,462	1,024,023
Nonoperating activities			
Change in actuarial value of annuities and unitrusts	-	6,000	6,000
Investment income, net	-	2,617	2,617
Total operating activities	-	8,617	8,617
Change in net assets	719,561	313,079	1,032,640
Net assets at beginning of year	586,765	3,418,992	4,005,757
Net assets at end of year	\$ 1,306,326	\$ 3,732,071	\$ 5,038,397

See independent auditors' report and notes to financial statements.

**THE ORTHODOX CHURCH IN AMERICA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>OPERATING SUPPORT, REVENUES AND RECLASSIFICATIONS</b>			
Support:			
Diocesan assessments	\$ 1,725,504	\$ -	\$ 1,725,504
General contributions	6,765	3,383	10,148
SOCA	68,075	8,654	76,729
Missions	-	2,275	2,275
Seminary	-	878	878
Charity	-	696	696
Donated services	3,980	-	3,980
Total support	<u>1,804,324</u>	<u>15,886</u>	<u>1,820,210</u>
Revenues:			
All-American council income	-	1,225	1,225
Interest and dividends	94	58,478	58,572
Investment income, net	-	421,296	421,296
Other revenue	18,395	-	18,395
Total revenues	<u>18,489</u>	<u>480,999</u>	<u>499,488</u>
Reclassifications:			
Net assets released from restrictions	<u>103,481</u>	<u>(103,481)</u>	<u>-</u>
Total operating support, revenue and reclassifications	<u>1,926,294</u>	<u>393,404</u>	<u>2,319,698</u>
<b>Expenses:</b>			
Program services	605,335	-	605,335
General and administrative	1,180,637	-	1,180,637
Development	66,356	-	66,356
Total expenses	<u>1,852,328</u>	<u>-</u>	<u>1,852,328</u>
Change in net assets from operations	73,966	393,404	467,370
Nonoperating activities			
Change in actuarial value of annuities and unitrusts	-	2,952	2,952
Investment income, net	<u>-</u>	<u>6,415</u>	<u>6,415</u>
Total operating activities	<u>-</u>	<u>9,367</u>	<u>9,367</u>
Change in net assets	73,966	402,771	476,737
Net assets at beginning of year	<u>512,799</u>	<u>3,016,221</u>	<u>3,529,020</u>
Net assets at end of year	<u>\$ 586,765</u>	<u>\$ 3,418,992</u>	<u>\$ 4,005,757</u>

See independent auditors' report and notes to financial statements.

**THE ORTHODOX CHURCH IN AMERICA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>EXPENSES:</b>				
Salaries, wages and benefits	\$ 321,029	\$ 708,613	\$ -	\$ 1,029,642
Transportation, travel, meals and related expenses	15,743	41,782	-	57,525
Professional fees and other outside services	39,891	45,309	9,124	94,324
Scholarships, grants and other assistance	70,952	9,500	-	80,452
Equipment, supplies and other religious materials	9,869	13,244	195	23,308
Repairs and maintenance	-	36,159	-	36,159
Utilities	-	19,082	-	19,082
Telephone	3,088	14,716	9,094	26,898
Insurance	6,308	42,787	-	49,095
Printing, postage and delivery services	9,860	10,278	89	20,227
Dues, fee and subscriptions	10,792	11,953	-	22,745
Conferences and meetings	5,372	2,018	-	7,390
Bank charges	-	2,184	-	2,184
Depreciation expense	-	26,894	-	26,894
Facility payment in lieu of taxes	-	36,299	-	36,299
Miscellaneous	-	3,375	-	3,375
Interest expense	-	1,239	-	1,239
Payroll processing fees	694	5,707	-	6,401
<b>TOTAL EXPENSES</b>	<u>\$ 493,598</u>	<u>\$ 1,031,139</u>	<u>\$ 18,502</u>	<u>\$ 1,543,239</u>

See independent auditors' report and notes to financial statements.

**THE ORTHODOX CHURCH IN AMERICA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
<b>EXPENSES:</b>				
Salaries, wages and benefits	\$ 333,273	\$ 758,840	\$ 28,560	\$ 1,120,673
Transportation, travel, meals and related expenses	92,466	120,608	-	213,074
Professional fees and other outside services	55,060	44,282	33,000	132,342
Scholarships, grants and other assistance	64,896	-	-	64,896
Equipment, supplies and other religious materials	13,003	39,438	1,256	53,697
Repairs and maintenance	-	41,048	-	41,048
Utilities	37	25,691	-	25,728
Telephone	3,974	19,511	2,415	25,900
Insurance	-	43,436	-	43,436
Printing, postage and delivery services	7,977	8,771	1,125	17,873
Dues, fee and subscriptions	26,687	3,495	-	30,182
Conferences and meetings	7,860	1,144	-	9,004
Bank charges	102	2,307	-	2,409
Depreciation expense	-	29,077	-	29,077
Facility payment in lieu of taxes	-	40,103	-	40,103
Payroll processing fees	-	2,886	-	2,886
<b>TOTAL EXPENSES</b>	<b>\$ 605,335</b>	<b>\$ 1,180,637</b>	<b>\$ 66,356</b>	<b>\$ 1,852,328</b>

See independent auditors' report and notes to financial statements.



**THE ORTHODOX CHURCH IN AMERICA  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 1,032,640	\$ 476,737
<b>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:</b>		
Depreciation expense	26,894	29,077
Loss on sale of van	1,303	-
Net (appreciation) in fair market value of investments	(392,006)	(330,714)
Net change in actuarial value of annuities and unitrusts	(6,000)	(2,952)
<b>(Increase) decrease in:</b>		
Accounts receivable	31,429	(2,874)
Grant receivable	-	345,700
Prepaid expenses	-	18,277
<b>Increase (decrease) in:</b>		
Accounts payable and accrued expenses	20,141	22,641
Retirement obligations	-	-
<b>TOTAL ADJUSTMENTS</b>	<u>(318,239)</u>	<u>79,155</u>
Net cash provided by operating activities	<u>714,401</u>	<u>555,892</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Additions of property and equipment	(3,325)	(5,404)
Proceeds from sale of van	1,000	-
Proceeds from sale of investments	1,187,740	587,645
Purchase of investments	<u>(1,188,892)</u>	<u>(735,100)</u>
Net cash (used in) investing activities	<u>(3,477)</u>	<u>(152,859)</u>
Net increase in cash and restricted cash	710,924	403,033
Cash and restricted cash - beginning of year	<u>799,350</u>	<u>396,317</u>
Cash and restricted cash - end of year	<u>\$ 1,510,274</u>	<u>\$ 799,350</u>

See independent auditors' report and notes to financial statements.

**THE ORTHODOX CHURCH IN AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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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.

See independent auditors' report.

**THE ORTHODOX CHURCH IN AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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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, 2020 and 2019.

**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

See independent auditors' report.

**THE ORTHODOX CHURCH IN AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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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 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. 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 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.

See independent auditors' report.

**THE ORTHODOX CHURCH IN AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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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, 2020 and 2019, The Orthodox Church in America received donated professional services in the amount of approximately \$0 and \$3,980, respectively.

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, 2020 and 2019.

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.

See independent auditors' report.

**THE ORTHODOX CHURCH IN AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
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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 \$68,182 at December 31, 2020 (\$72,245 in 2019). The present value of the remaining future liability to be distributed by the Church amounted to \$56,759 in 2020 and \$61,043 in 2019.

**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 \$75,097 at December 31, 2020 (\$75,846 at December 31, 2019). 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 \$43,768 at December 31, 2020 (\$45,485 at December 31, 2019).

**NOTE 3. AVAILABILITY AND LIQUIDITY**

The following represents The Orthodox Church in America's financial assets at December 31, 2020 and 2019:

Financial assets at year end:	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,159,166	\$ 383,990
Restricted cash	351,108	415,360
Investments	3,121,913	2,728,755
Accounts receivable, net	164,957	196,386
Total financial assets	<u>4,797,144</u>	<u>3,724,491</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>3,732,071</u>	<u>3,418,992</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,065,073</u>	<u>\$ 305,499</u>

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

See independent auditors' report.

**THE ORTHODOX CHURCH IN AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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**NOTE 4. RESTRICTED CASH**

The cash is restricted for the purpose of the thriving in ministry initiative grant. Restricted cash at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Restricted cash - Thriving in ministry program	\$ 351,108	\$ 415,360

**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, 2020 and 2019 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Corporate equity securities	\$ 2,534,801	\$ 2,078,111
Money market funds	406,730	444,529
Fixed income securities	39,721	60,849
Mutual funds	72,479	73,021
Annuity investments	68,182	72,245
	<u>\$ 3,121,913</u>	<u>\$ 2,728,755</u>

At December 31, 2020 and 2019, all investments were considered level 1 investments, except for the annuity investments which were considered level 2 investments.

**NOTE 6. PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Land (non-depreciable)	\$ 45,000	\$ 45,000
Archive room improvements in progress (non-depreciable)	104,067	104,067
Building and improvements	570,508	570,508
Furniture, fixtures and equipment	197,142	200,787
Software	33,000	33,000
Total property and equipment	<u>949,717</u>	<u>953,362</u>
Less: Accumulated depreciation	<u>(634,430)</u>	<u>(612,203)</u>
Property and equipment, net	<u>\$ 315,287</u>	<u>\$ 341,159</u>

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**NOTE 7. EMPLOYEE BENEFIT PLANS**

**PENSION PLANS:**

Substantially all full-time employees participate in The Orthodox Church in America Pension Plan (Plan). This multi-employer plan, 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. The risks of participating in this multi-employer plan differ from single-employer plans in the following aspects:

- a) Assets contributed to the Plan by one employer may be used to provide benefits to employees of other participating employers;
- b) If a participating employer stops contributing to the Plan, the unfunded obligations of the Plan may be borne by the remaining participating employers;
- c) if the Church chooses to stop participating in the Plan, it may be required to pay to the Plan an amount based on the underfunded status of the Plan, referred to as a withdrawal liability.

Eligible employees are all employees of the Church and its related entities, except for employees that are older than age 60 and have not elected to be part of the Plan. 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 options based upon years of service and age. Retirement benefits are paid to pensioners or beneficiaries in various forms of joint and survivor annuities, including a lump-sum payment option. Pension expense, representing the Church's required contribution to the Plan, was \$53,419 in 2020 and \$54,451 in 2019. The contribution made by the Church represented approximately 2.00% and 2.06% of the total contributions made to the Plan in December 31, 2020 and 2019, respectively. To the extent the Plan is underfunded, future contributions to the Plan may increase.

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

The following table discloses the name and funded status of the Plan as of January 1, 2021 and 2020 (the date of the latest actuarial valuation), inclusive of the fair value of plan assets as December 31, 2020 and 2019:

<b>The Orthodox Church in America Pension Plan (Plan EIN: 06-1455789)</b>	<b>Actuarial present value of accumulated plan benefits</b>	<b>Fair value of plan assets</b>	<b>Total net contributions</b>	<b>Funded Status</b>
2020	\$ 55,086,863	\$ 26,326,678	\$ 2,672,980	47.79%
2019	\$ 55,648,391	\$ 24,957,647	\$ 2,642,534	44.85%

**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 exists to rectify a situation whereby the former employee had been improperly excluded from participation in the Orthodox Church in America Pension Plan, and will continue until the former employee's death. Payments related to this agreement amounted to \$11,400 for each of the years ended December 31, 2020 and 2019. The actuarially calculated liability for future payments under this obligation amounted to approximately \$37,000 each year.

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**NOTE 8. PAYCHECK PROTECTION PROGRAM LOAN**

In April of 2020, the Church received loan proceeds in the amount of \$194,720 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (Cares “Act”), provides for loans to qualifying business. The loans and accrued interest are forgivable after eight to twenty-four weeks as long as the borrower uses the loans proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of the loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight to twenty-four-week period.

At December 31, 2020, the Church was informed by letter from the Small Business Administration that the entire amount of the PPP loan was forgiven. The loan amount, plus accrued interest which was also forgiven, is included in other revenue on the statement of activities.

**NOTE 9. 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, 2020 and 2019:

	2019	Additions/ Investment Activities	Release	2020
Mission churches	\$ 1,085,810	\$ 113,758	\$ -	\$ 1,199,568
Thriving in ministries	413,777	4,800	69,415	349,162
Archives fund	90,961	-	-	90,961
Restricted endowments excess earnings	367,812	177,182	23,295	521,699
General purpose endowment excess earnings	207,028	72,263	13,377	265,914
Charity	69,601	-	-	69,601
Theological education - academic fellowship	59,300	-	-	59,300
Publication reserve fund	29,556	-	-	29,556
Seminary appeal	5,638	2,731	2,731	5,638
Mission planting	-	50,000	-	50,000
Youth director	43,126	1,750	8,994	35,882
Other	(475)	13,273	7,218	5,580
	<u>\$ 2,372,134</u>	<u>\$ 435,757</u>	<u>\$ 125,030</u>	<u>2,682,861</u>
Donor restricted endowment funds				
General purposes				244,120
Restricted purposes				776,762
Charitable remainder unitrust				<u>28,328</u>
Total net assets with donor restrictions				<u>\$ 3,732,071</u>

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**NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS (continued)**

	2018	Additions/ Investment Activities	Release	2019
Mission churches	\$ 878,320	\$ 207,490	\$ -	\$ 1,085,810
Thriving in ministries	470,698	-	56,921	413,777
Archives fund	106,954	-	15,993	90,961
Restricted endowments				
excess earnings	228,648	139,164	-	367,812
General purpose endowment				
excess earnings	131,571	75,457	-	207,028
Charity	68,923	695	17	69,601
Theological education -				
academic fellowship	59,300	-	-	59,300
Publication reserve fund	29,556	-	-	29,556
Seminary appeal	4,760	878	-	5,638
Youth director	-	54,907	11,781	43,126
Other	-	18,294	18,769	(475)
	<u>\$ 1,978,730</u>	<u>\$ 496,885</u>	<u>\$ 103,481</u>	<u>2,372,134</u>
Donor restricted endowment funds				
General purposes				240,736
Restricted purposes				775,762
Charitable remainder unitrust				<u>30,360</u>
Total net assets with donor restrictions				<u>\$ 3,418,992</u>

**NOTE 10. 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 10. 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 2020:			
General purposes	\$ 265,914	\$ 244,120	\$ 510,034
Restricted purposes	521,699	776,762	1,298,461
Total endowment funds	<u>\$ 787,613</u>	<u>\$ 1,020,882</u>	<u>\$ 1,808,495</u>
Endowment net assets, January 1, 2020	<u>\$ 574,840</u>	<u>\$ 1,016,498</u>	<u>\$ 1,591,338</u>
Investment return:			
Interest and dividend income, net of fees	27,899	-	27,899
Realized and unrealized gains	184,874	-	184,874
Total investment return	212,773	-	212,773
Contributions	-	4,384	4,384
Endowment net assets, December 31, 2020	<u>\$ 787,613</u>	<u>\$ 1,020,882</u>	<u>\$ 1,808,495</u>
	With Purpose Restrictions	To be Held in Perpetuity	Total
Donor restricted endowments for 2019:			
General purposes	\$ 207,028	\$ 240,736	\$ 447,764
Restricted purposes	367,812	775,762	1,143,574
Total endowment funds	<u>\$ 574,840</u>	<u>\$ 1,016,498</u>	<u>\$ 1,591,338</u>
Endowment net assets, January 1, 2019	<u>\$ 360,219</u>	<u>\$ 1,013,303</u>	<u>\$ 1,373,522</u>
Investment return:			
Interest and dividend income, net of fees	33,552	-	33,552
Realized and unrealized losses	181,069	-	181,069
Total investment return	214,621	-	214,621
Contributions	-	3,195	3,195
Endowment net assets, December 31, 2019	<u>\$ 574,840</u>	<u>\$ 1,016,498</u>	<u>\$ 1,591,338</u>

**NOTE 11. LEASE COMMITMENTS**

The Church leased office equipment under non-cancellable operating leases. Expenses related to these leases amounted to \$9,118 in 2020 and \$15,775 in 2019. The equipment was returned in 2020.

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**NOTE 12. RELATED PARTY TRANSACTIONS**

Note receivable consists of a \$150,000 promissory note from the Orthodox Church Capital Improvement Fund. The Promissory Note is dated May 21, 2018, with interest at 2.75%. The note calls 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.

**NOTE 13. 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.

**NOTE 14. 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, 2020 and 2019 was \$250,000. The SIPC insured limit for the years ended December 31, 2020 and 2019 was \$500,000. At December 31, 2020 and 2019, the Church had assets that were in excess of the insured limits.

The Church's revenues are primarily from Diocesan contributions, general supports and investment incomes.

**NOTE 15. COVID-19 PANDEMIC**

The Church's operations have been affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which in March 2020, was declared a pandemic by the World Health Organization. The ultimate disruption which will be caused by the outbreak is uncertain; and management, at this time, cannot reasonably estimate the amount of impact it will have on the Organization's financial position, operations and cash flows. Possible areas that may be affected include, but are not limited to, disruption to the Church's special events and sponsorship and the possible decline in value of investments owned by the Church.

**NOTE 16. SUBSEQUENT EVENTS**

The Church has evaluated events and transactions that occurred through November 11, 2021, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.