

Dear Baker Tilly Virchow Krause, LLP:

This representation letter is provided in connection with your review of the consolidated financial statements of St. Tikhon's Monastery ("the Company"), which comprise the consolidated statement of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities and cash flows, for the years then ended, and the related consolidated notes to the financial statements, for the purpose of obtaining limited assurance as a basis for reporting whether you are aware of any material modifications that should be made to the financial statements in order for the statements to be in accordance with accounting principles generally accepted in the United States of America ('U.S. GAAP').

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We represent that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of July 25, 2019:

### **Financial Statements**

- 1) We acknowledge our responsibility and have fulfilled our responsibilities for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America ('U.S. GAAP'). We have not recorded a portion of the revenue from the sale of cemetery property as a deferral until the interment services are performed, and have not deferred a portion of these revenues to recognize a liability for the perpetual care. We do not have the proper resources and documentation to appropriately calculate this liability as of December 31, 2018 and 2017 and agree that is a departure from accounting principles generally accepted in the United States of America. The liability for perpetual care is also required to be funded in separate account, which has not been established. The effects of this departure from accounting principles generally accepted in the United States of America has not been determined. These matters are adequately disclosed.
- 2) We acknowledge our responsibility and have fulfilled our responsibilities for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- 4) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 5) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of accounting principles generally accepted in the United States of America ('U.S. GAAP').
- 6) Guarantees, whether written or oral, under which the Company is contingently liable have been properly accounted for and disclosed in accordance with the requirements of accounting principles generally accepted in the United States of America ('U.S. GAAP').
- 7) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with FASB *Accounting Standard Codification ("ASC") 275, Risks and Uncertainties*, have been properly accounted for and disclosed in accordance with the requirements of accounting principles generally accepted in the United States of America ('U.S. GAAP'). Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year."
- 8) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America ('U.S. GAAP') requires adjustment or disclosure have been adjusted or disclosed.
- 9) The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America ('U.S. GAAP').

#### **Information Provided**

- 10) We have responded fully and truthfully to all inquiries made to us by you during your review.
- 11) We have provided you with
  - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
  - Minutes of meetings of stockholders, directors, and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared;
  - Additional information that you have requested from us for the purpose of the review; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain review evidence.
- 12) All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves

- Management,
  - Employees who have significant roles in internal control, or
  - Others when the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements as a whole communicated by employees, former employees, analysts, regulators, or others.
  - 15) We have no plans or intentions that may materially affect the carrying amounts or classification of assets and liabilities.
  - 16) We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws or regulations whose effects should be considered when preparing financial statements.
  - 17) We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements
  - 18) We have disclosed to you any other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, *Contingencies*.
  - 19) We have disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which we are aware.
  - 20) No material losses exist (such as from obsolete inventory or purchase or sale commitments) that have not been properly accrued or disclosed in the consolidated financial statements.
  - 21) The Company has satisfactory title to all owned assets, and no liens or encumbrances on such assets exist, nor has any asset been pledged as collateral, except as disclosed to you and reported in the financial statements.
  - 22) We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
  - 23) We are in agreement with the adjusting journal entries that you have recommended, and they have been posted to the Company's accounts (if applicable).

**Other - General**

- 24) We have made all management decisions and performed all management functions in relation to the nonattest services provided by Baker Tilly Virchow Krause, LLP, as listed below. We have designated an employee with suitable skill, knowledge and/or experience to oversee the services received. Furthermore, we have established and maintained internal controls, including monitoring activities related to the nonattest services provided by Baker Tilly Virchow Krause, LLP, and we have evaluated and accept responsibility for the adequacy and results of the nonattest services received.

The nonattest services provided by Baker Tilly Virchow Krause, LLP, are listed below:

- Bookkeeping-Record transactions for which management has determined or approved the appropriate account classification, or post coded transactions to the Company's general ledger
  - Bookkeeping-Prepare financial statements based on information in the trial balance.
  - Bookkeeping-Post management approved entries to the Company's trial balance.
  - Bookkeeping-Propose standard, adjusting, or correcting journal entries or other changes affecting the financial statements provided that management reviews the entries and we are satisfied that management understands the nature of the proposed entries and the impact the entries have on the financial statements.
- 25) We are responsible for the fair presentation of the additional information on supplementary schedules of financial position by department, schedules of activities by department and schedules of operating, personnel, and administrative expense accompanying the basic consolidated financial statements that are presented for the purpose of additional analysis of the basic financial statements.

**Assets**

- 26) Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value.

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Fr. Archimandrite Sergius  
Abbot of St. Tikhon's Monastery