

St. Tikhon's Orthodox Monastery

Financial Statements and
Supplementary Information

December 31, 2021 and 2020

St. Tikhon's Orthodox Monastery

Table of Contents
December 31, 2021 and 2020

	<u>Page</u>
Independent Accountants' Review Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Supplementary Information	
Schedules of Financial Position by Department	14
Schedules of Activities by Department	16
Schedules of Operating, Personnel and Administrative Expenses by Department	18

Independent Accountants' Review Report

To the Board of Directors of
St. Tikhon's Orthodox Monastery

We have reviewed the accompanying financial statements of St. Tikhon's Orthodox Monastery, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of St. Tikhon's Orthodox Monastery and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountants' Conclusion

Based on our reviews, except for the issue noted in the Known Departure From Accounting Principles Generally Accepted in the United States of America paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Known Departure From Accounting Principles Generally Accepted in the United States of America

As disclosed in Note 1 to the financial statements, accounting principles generally accepted in the United States of America require that revenue from exchange transactions is recorded as contract obligations until the performance obligation is satisfied through performance of interment services. Management has informed us that revenue from the sale of cemetery property is recognized when received. Management has not determined the effects of this departure from accounting principles generally accepted in the United States of America on financial position, changes in net assets and cash flows.

Other Matter

The departmental schedules of financial position, activities and operating, personnel and administrative expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. Except for the effects of the matter described in the Known Departure From Accounting Principles Generally Accepted in the United States of America paragraph, if any, we are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Baker Tilly US, LLP

Wilkes-Barre, Pennsylvania
June 6, 2022

St. Tikhon's Orthodox Monastery

Statements of Financial Position

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 889,246	\$ 576,916
Investments	3,062,627	3,026,076
Accounts receivable	13,714	62,714
Inventories	214,496	248,642
	<u>4,180,083</u>	<u>3,914,348</u>
Total current assets	4,180,083	3,914,348
Property and Equipment, Net		
	<u>2,480,228</u>	<u>2,174,325</u>
Total assets	<u>\$ 6,660,311</u>	<u>\$ 6,088,673</u>
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	\$ 59,829	\$ 65,336
Accounts payable	50,680	6,891
Payroll taxes payable	7,000	4,608
Sales tax payable	917	597
Deferred revenue	1,799	1,112
Refundable advance	-	40,179
	<u>120,225</u>	<u>118,723</u>
Total current liabilities	120,225	118,723
Long-Term Debt		
	<u>609,918</u>	<u>657,133</u>
Total liabilities	<u>730,143</u>	<u>775,856</u>
Net Assets		
Without donor restrictions	2,684,690	2,138,629
With donor restrictions	3,245,478	3,174,188
	<u>5,930,168</u>	<u>5,312,817</u>
Total net assets	5,930,168	5,312,817
Total liabilities and net assets	<u>\$ 6,660,311</u>	<u>\$ 6,088,673</u>

See notes to financial statements

St. Tikhon's Orthodox Monastery

Statement of Activities

Year Ended December 31, 2021

With Comparative Total for the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Support and Revenue				
Contributions	\$ 1,283,147	\$ 71,290	\$ 1,354,437	\$ 3,856,571
Bookstore	814,693	-	814,693	640,776
Investment income	354,282	-	354,282	104,322
Bequests	86,725	-	86,725	31,280
Paycheck Protection Program loan	40,179	-	40,179	-
Cemetery plots	25,661	-	25,661	70,765
Activities	13,909	-	13,909	2,100
Assessment and dues	13,100	-	13,100	12,450
Iconography projects	3,100	-	3,100	-
Other income	614	-	614	765
	<u>2,635,410</u>	<u>71,290</u>	<u>2,706,700</u>	<u>4,719,029</u>
Total support and revenue				
Expenses				
Operating	968,427	-	968,427	640,560
Personnel	451,135	-	451,135	366,283
Cost of goods sold	391,558	-	391,558	325,332
Administrative	147,545	-	147,545	145,408
Fundraising, special events	106,520	-	106,520	58,645
Interest	22,811	-	22,811	18,922
Royalties expense	1,353	-	1,353	2,700
	<u>2,089,349</u>	<u>-</u>	<u>2,089,349</u>	<u>1,557,850</u>
Total expenses				
Change in net assets	546,061	71,290	617,351	3,161,179
Net Assets, Beginning	<u>2,138,629</u>	<u>3,174,188</u>	<u>5,312,817</u>	<u>2,151,638</u>
Net Assets, Ending	<u>\$ 2,684,690</u>	<u>\$ 3,245,478</u>	<u>\$ 5,930,168</u>	<u>\$ 5,312,817</u>

See notes to financial statements

St. Tikhon's Orthodox Monastery

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 617,351	\$ 3,161,179
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	161,838	133,826
Noncash contribution	-	(102,920)
Gifts restricted for long-term investments	(71,290)	(127,150)
Donated securities	-	(2,925,991)
Net realized and unrealized gains on investments	(322,869)	(100,533)
Changes in assets and liabilities:		
Accounts receivable	49,000	25,357
Inventories	34,146	41,346
Accounts payable	43,789	(20,152)
Refundable advance	(40,179)	40,179
Payroll taxes payable	2,392	1,239
Deferred revenue	687	(112)
Sales tax payable	320	(153)
	<u>475,185</u>	<u>126,115</u>
Net cash provided by operating activities		
Cash Flows From Investing Activities		
Purchase of investments	-	(4,906,595)
Proceeds from sale of investments	286,318	4,907,043
Purchases of property and equipment	(467,741)	(688,292)
	<u>(181,423)</u>	<u>(687,844)</u>
Net cash used in investing activities		
Cash Flows From Financing Activities		
Proceeds from long-term debt	-	500,000
Gifts restricted for long-term investments	71,290	127,150
Repayments of long-term debt	(52,722)	(29,781)
	<u>18,568</u>	<u>597,369</u>
Net cash provided by financing activities		
Change in cash and cash equivalents	312,330	35,640
Cash and Cash Equivalents, Beginning	<u>576,916</u>	<u>541,276</u>
Cash and Cash Equivalents, Ending	<u>\$ 889,246</u>	<u>\$ 576,916</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 22,811</u>	<u>\$ 18,922</u>
Supplemental Disclosure of Noncash Investing Activities and Financing Activities		
Vehicle acquisition financed	<u>\$ 24,441</u>	<u>\$ 28,508</u>

See notes to financial statements

St. Tikhon's Orthodox Monastery

Notes to Financial Statements

December 31, 2021 and 2020

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

St. Tikhon's Orthodox Theological Monastery (the Monastery) was founded in 1905 by St. Tikhon, Patriarch of Moscow.

The Monastery is a brotherhood of Orthodox Christian monks leading a life of prayer and repentance. The primary mission of the Monastery lies in providing the necessary theological, liturgical, spiritual and moral foundations for its members.

The Monastery also owns and operates a cemetery. The Monastery sells the right to be buried on its land and this service is restricted to the Monastery's members and their relatives.

In addition, the Monastery operates a bookstore selling religious books and icons to customers throughout the world.

Subsequent Events

The Monastery evaluated subsequent events for recognition or disclosure through June 6, 2022, the date the financial statements were available to be issued.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with a maturity of three months or less when purchased.

Investments and Investment Risk

Investments are carried at fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statement of activities as income without donor restrictions unless the income or loss is restricted by donor or law.

The Monastery's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statements of financial position are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near future.

Accounts Receivable

Accounts receivable related to bookstore sales are reported at net realizable value. There is no provision for doubtful accounts as management believes all amounts are collectible.

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2021 and 2020

Inventories

Inventories consist primarily of religious books and icons available for sale. Inventories are valued at the lower of cost (first-in, first-out method) or net realizable value.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method based on the estimated useful life of each classification of depreciable asset.

Gifts of long-lived assets such as land, buildings or equipment are reported as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Classification of Net Assets

Without Donor Restrictions - The Monastery's net assets without donor restrictions represent the portion of expendable funds that are available for support of the Monastery's general operations.

With Donor Restrictions - The Monastery's net assets with donor restrictions include contributions received that are restricted for specific time periods, uses and purposes as specified by the donors. The Monastery reports release of donor restricted net assets when the donor stipulations or time restrictions have been met. Net assets with donor restrictions include contributions to fund construction of the Liturgical Arts Center, the new Monks House and Church renovations.

Revenue Recognition

Revenue from the sale of cemetery plots is recognized when funds are received. Accounting principles generally accepted in the United States of America require that revenue from exchange transactions is recorded as contract obligations until the performance obligation is satisfied through performance of interment services. The effect of these departures on the financial position, changes in net assets and cash flows of the Monastery have not been determined. Funds set aside for perpetual care are required to be held in a separate trust. Management has not established a separate trust account for these funds.

Revenue derived from bookstore sales is recognized when merchandise is delivered to the buyer.

Revenue derived from iconography project sales is recognized when the performance obligation of the project is satisfied.

The Monastery recognizes contributions when cash, securities or other assets, an unconditional promise to give or notification of a beneficial interest or bequest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Sales and Similar Taxes

The Monastery collects sales and similar taxes imposed on nonexempt customers by various states. The Monastery's policy is to exclude the tax collected and remitted from sales and cost of sales.

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2021 and 2020

Shipping and Handling Fees and Costs

Inbound and outbound freight costs are included in cost of sales.

Functional Expenses

The costs of operating the Monastery have been summarized on the statements of activities. Directly identifiable expenses are charged to programs and supporting services.

Donor Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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.

Collections of Religious Artifacts

The Monastery has elected not to capitalize its collection of religious artifacts. These items include religious clothing, books, statues and related jewels. The Monastery protects and preserves these items. These items have lasting historical significance and, as such, appreciate with age. No appreciation has been provided for these items.

Deferred Financing Costs

Costs incurred in connection with debt financing are deferred and amortized over the term of the related debt using the straight-line method, which approximates the interest method. Amortization expense was \$837 in 2021 and 2020. Deferred financing costs are presented as a reduction in the carrying amount of the debt liability on the statements of financial position. See Note 4.

Income Taxes

The Monastery is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on its exempt income under Section 501(a) of the Internal Revenue Code.

The Monastery accounts for uncertainty in income taxes by prescribing a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined that there were no tax uncertainties that met the recognition threshold in 2021 and 2020.

New Accounting Standard Not Yet Adopted

During September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. The Monastery is currently assessing the effect that ASU No. 2020-07 will have on its financial statements.

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2021 and 2020

Reclassifications

Certain 2020 amounts have been reclassified to conform to the 2021 presentation.

2. Investments and Fair Value Measurements

The composition of investments is as follows at December 31:

	<u>2021</u>	<u>2020</u>
Money market	\$ 457,885	\$ 983,972
Marketable equity securities	<u>2,604,742</u>	<u>2,042,104</u>
Total	<u>\$ 3,062,627</u>	<u>\$ 3,026,076</u>

Investment return is comprised of the following for the years ended December 31:

	<u>2021</u>		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Interest and dividend income	\$ 31,413	\$ -	\$ 31,413
Realized and unrealized gains on investments	<u>322,869</u>	<u>-</u>	<u>322,869</u>
Total investment return	<u>\$ 354,282</u>	<u>\$ -</u>	<u>\$ 354,282</u>
	<u>2020</u>		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Interest and dividend income	\$ 3,789	\$ -	\$ 3,789
Realized and unrealized gains on investments	<u>100,533</u>	<u>-</u>	<u>100,533</u>
Total investment return	<u>\$ 104,322</u>	<u>\$ -</u>	<u>\$ 104,322</u>

Investment fees are netted against interest and dividend income without donor restriction.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation hierarchy for disclosure of the inputs to valuation used to measure fair value prioritizes the inputs into three broad levels as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - 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 or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration for substantially the full term of the financial instrument;

Level 3 - Prices or valuation techniques that are unobservable in the market and require significant management judgment or estimation to measure fair value.

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2021 and 2020

An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The Monastery's assets as of December 31 are all Level 1 investments.

The following is a description of the valuation methodologies used to determine fair value:

The carrying value of money market accounts approximates fair value because of the short-term maturity of these instruments. Marketable equity securities are measured at fair value based on quoted market prices in active markets for identical assets and are Level 1 inputs.

3. Property and Equipment, Net

Property and equipment, net as of December 31 are as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 5,300	\$ 5,300
Land improvements	27,777	27,777
Buildings and improvements	3,583,255	3,466,949
Furniture	37,306	37,306
Equipment	111,525	85,975
Vehicles	174,852	150,411
Construction in progress	891,779	603,833
	<hr/>	<hr/>
Total	4,831,794	4,377,551
	<hr/>	<hr/>
Less accumulated depreciation	2,351,566	2,203,226
	<hr/>	<hr/>
Property and equipment, net	<u>\$ 2,480,228</u>	<u>\$ 2,174,325</u>

Depreciation expense was \$148,340 in 2021 and \$132,989 in 2020.

4. Long-Term Debt

Long-term debt consists of the following at December 31:

	<u>2021</u>	<u>2020</u>
Bookstore		
<u>Honesdale National Bank</u>		
Mortgage loan, monthly payments of \$2,804, including interest at 4.70% for 84 months then adjusting to the prime rate plus 1.45%, maturing January 2032; secured by real estate	\$ 257,221	\$ 276,102
	<hr/>	<hr/>
Monastery		
<u>Term note</u>		
Note payable in monthly installments of \$3,030, including interest at 1.17% for 180 months, maturing November 2035; unsecured	373,918	394,538
	<hr/>	<hr/>
<u>Honesdale National Bank</u>		
Note payable in monthly installments of \$525, including interest at 4.00% for 60 months, maturing November 2025; secured by vehicle	22,800	28,077

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Volkswagen Credit</u>		
Note payable in monthly installments of \$401, including interest at 6.76% for 76 months, maturing February 2028, secured by vehicle	\$ 24,180	\$ -
<u>Kia Finance</u>		
Note payable in monthly installments of \$326, including interest at 6.29% for 72 months, paid in full in 2021	-	10,113
<u>Volkswagen Credit</u>		
Note payable in monthly installments of \$325, including interest at 2.90% for 60 months, paid in full in 2021	-	9,705
<u>Volkswagen Credit</u>		
Note payable in monthly installments of \$321, including interest at 3.99% for 60 months, paid in full in 2021	-	13,143
	<u>678,119</u>	<u>731,678</u>
Less deferred financing costs	8,372	9,209
Less current portion	<u>59,829</u>	<u>65,336</u>
Long-term debt	<u>\$ 609,918</u>	<u>\$ 657,133</u>

Scheduled principal repayments for periods subsequent to December 31, 2021 are as follows:

Years ending December 31:	
2022	\$ 59,829
2023	61,774
2024	63,813
2025	65,420
2026	61,752
Thereafter	<u>365,531</u>
Total	<u>\$ 678,119</u>

5. Net Assets

Net assets with donor restrictions at December 31 are as follows:

	<u>2021</u>	<u>2020</u>
Liturgical Arts Center	\$ 3,121,832	\$ 3,090,473
Church renovations	39,931	-
Monks House	<u>83,715</u>	<u>83,715</u>
	<u>\$ 3,245,478</u>	<u>\$ 3,174,188</u>

Investment income is recognized in the statements of activities in net assets without donor restrictions as the use of income is unrestricted by explicit donor stipulation.

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2021 and 2020

6. Functional Expenses

The Monastery provides theological teachings and services to individuals within its geographic area. Expenses related to providing these services are as follows:

	2021		
	Monastery	Bookstore	Total
Other operating	\$ 379,973	\$ 138,166	\$ 518,139
Cost of goods sold	-	391,558	391,558
Salary and wages	-	287,571	287,571
Depreciation and amortization	114,427	47,411	161,838
Repairs and maintenance	149,563	1,676	151,239
Supplies	117,514	20,092	137,606
Fundraising, special events	76,302	30,218	106,520
Utilities	77,704	23,060	100,764
Insurance	50,942	34,220	85,162
Memberships	19,729	5,953	25,682
Interest	7,862	14,949	22,811
Professional fees	10,159	10,890	21,049
Payroll taxes	-	21,004	21,004
Security	20,334	-	20,334
Travel	19,847	-	19,847
Advertising	7,755	1,117	8,872
Architect fees	-	8,000	8,000
Royalties expense	-	1,353	1,353
	<u>\$ 1,052,111</u>	<u>\$ 1,037,238</u>	<u>\$ 2,089,349</u>

	2020		
	Monastery	Bookstore	Total
Other operating	\$ 235,397	\$ 90,680	\$ 326,077
Cost of goods sold	-	325,332	325,332
Salary and wages	-	223,217	223,217
Depreciation and amortization	86,404	47,422	133,826
Repairs and maintenance	99,276	4,652	103,928
Supplies	86,556	15,574	102,130
Utilities	63,638	23,390	87,028
Insurance	40,512	38,400	78,912
Fundraising, special events	25,187	33,458	58,645
Interest	2,956	15,966	18,922
Payroll taxes	1,355	16,739	18,094
Professional fees	6,484	11,173	17,657
Advertising	14,026	3,608	17,634
Security	15,769	-	15,769
Memberships	11,291	4,124	15,415
Architect fees	-	6,150	6,150
Travel	5,648	150	5,798
Royalties expense	-	2,700	2,700
Miscellaneous	-	616	616
	<u>\$ 694,499</u>	<u>\$ 863,351</u>	<u>\$ 1,557,850</u>

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2021 and 2020

7. Related-Party Transactions

The Monastery made payments to St. Tikhon's Orthodox Theological Seminary, an entity related through church affiliation. Payments were expensed as follows:

	<u>2021</u>	<u>2020</u>
General insurance reimbursement	\$ 34,100	\$ 40,400
Contributions	11,000	2,571
Total	<u>\$ 45,100</u>	<u>\$ 42,971</u>

8. Concentrations

Amounts on deposit with any one financial institution are insured up to the Federal Deposit Insurance Corporation limits. The Monastery periodically has cash and cash equivalents on deposit in excess of insured amounts.

9. Liquidity and Availability of Resources

The Monastery's financial assets available for general expenditure within one year of the statements of financial position date for general expenditures are as follows at December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 706,395	\$ 428,804
Accounts receivable	13,714	62,714
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 720,109</u>	<u>\$ 491,518</u>

Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

10. Paycheck Protection Program Loan

In May 2020, the Monastery received loan proceeds in the amount of \$40,179 under the Paycheck Protection Program (PPP) which was established as part of the CARES Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying non-profit organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying non-profit organizations to keep their workforce employed during the COVID-19 crisis. PPP loans are uncollateralized and guaranteed by the SBA. Advances from the PPP are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities. The Monastery initially recorded the PPP funds as a refundable advance in accordance with guidance for conditional contributions.

In January 2021, the Monastery received notice from the SBA that the entire balance of the PPP loan was forgiven. As of December 31, 2021, the Monastery had expended all of the PPP funds received on qualified expenses and believed that it met all of the conditions attached to the PPP; therefore, the Monastery recorded forgiveness of the PPP loan of \$40,179 within its 2021 statement of activities.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, the Monastery is required to maintain its PPP loan documentation for six years after the PPP loan was forgiven and to provide that documentation to the SBA upon request. The Monastery does not believe the results of any audits or reviews by the SBA would have a material impact on the financial statements.

St. Tikhon's Orthodox Monastery

Schedule of Financial Position by Department
December 31, 2021

	<u>Monastery</u>	<u>Bookstore</u>	<u>Totals</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 826,199	\$ 63,047	\$ 889,246
Investments	3,062,627	-	3,062,627
Accounts receivable	-	13,714	13,714
Inventories	-	214,496	214,496
	<hr/>	<hr/>	<hr/>
Total current assets	3,888,826	291,257	4,180,083
Property and Equipment, Net			
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 5,866,197</u>	<u>\$ 794,114</u>	<u>\$ 6,660,311</u>
Liabilities and Net Assets			
Current Liabilities			
Current portion of long-term debt	\$ 39,831	\$ 19,998	\$ 59,829
Accounts payable	35,482	15,198	50,680
Interdepartmental (receivable) payable	(1,035,536)	1,035,536	-
Payroll taxes payable	-	7,000	7,000
Sales tax payable	-	917	917
Deferred revenue	-	1,799	1,799
	<hr/>	<hr/>	<hr/>
Total current liabilities	(960,223)	1,080,448	120,225
Long-Term Debt			
	<hr/>	<hr/>	<hr/>
Total liabilities	(579,156)	1,309,299	730,143
Net Assets			
Without donor restrictions	3,199,875	(515,185)	2,684,690
With donor restrictions	3,245,478	-	3,245,478
	<hr/>	<hr/>	<hr/>
Total net assets	6,445,353	(515,185)	5,930,168
	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 5,866,197</u>	<u>\$ 794,114</u>	<u>\$ 6,660,311</u>

St. Tikhon's Orthodox Monastery

Schedule of Financial Position by Department
December 31, 2020

	<u>Monastery</u>	<u>Bookstore</u>	<u>Totals</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 540,343	\$ 36,573	\$ 576,916
Investments	3,026,076	-	3,026,076
Accounts receivable	17,478	45,236	62,714
Inventories	-	248,642	248,642
Total current assets	3,583,897	330,451	3,914,348
Property and Equipment, Net	<u>1,624,894</u>	<u>549,431</u>	<u>2,174,325</u>
Total assets	<u>\$ 5,208,791</u>	<u>\$ 879,882</u>	<u>\$ 6,088,673</u>
Liabilities and Net Assets			
Current Liabilities			
Current portion of long-term debt	\$ 46,406	\$ 18,930	\$ 65,336
Accounts payable	6,724	167	6,891
Interdepartmental (receivable) payable	(1,028,915)	1,028,915	-
Payroll taxes payable	-	4,608	4,608
Sales tax payable	-	597	597
Deferred revenue	-	1,112	1,112
Refundable advance	-	40,179	40,179
Total current liabilities	(975,785)	1,094,508	118,723
Long-Term Debt	<u>409,170</u>	<u>247,963</u>	<u>657,133</u>
Total liabilities	<u>(566,615)</u>	<u>1,342,471</u>	<u>775,856</u>
Net Assets			
Without donor restrictions	2,601,218	(462,589)	2,138,629
With donor restrictions	<u>3,174,188</u>	<u>-</u>	<u>3,174,188</u>
Total net assets	<u>5,775,406</u>	<u>(462,589)</u>	<u>5,312,817</u>
Total liabilities and net assets	<u>\$ 5,208,791</u>	<u>\$ 879,882</u>	<u>\$ 6,088,673</u>

St. Tikhon's Orthodox Monastery

Schedule of Activities by Department
Year Ended December 31, 2021

	Without Donor Restrictions Monastery	With Donor Restrictions Monastery	Without Donor Restrictions Bookstore	Totals
Support and Revenue				
Contributions	\$ 1,232,061	\$ 71,290	\$ 51,086	\$ 1,354,437
Bookstore	-	-	814,693	814,693
Investment income	354,259	-	23	354,282
Cemetery plots	86,725	-	-	86,725
Paycheck Protection Program loan	-	-	40,179	40,179
Bequests	25,661	-	-	25,661
Assessment and dues	13,100	-	-	13,100
Activities	12,062	-	1,847	13,909
Iconography projects	-	-	3,100	3,100
Other income	500	-	114	614
	<u>1,724,368</u>	<u>71,290</u>	<u>911,042</u>	<u>2,706,700</u>
Total support and revenue				
Expenses				
Operating	707,658	-	260,769	968,427
Personnel	165,899	-	285,236	451,135
Cost of goods sold	-	-	391,558	391,558
Administrative	94,390	-	53,155	147,545
Fundraising, special events	76,302	-	30,218	106,520
Interest	7,862	-	14,949	22,811
Royalties expense	-	-	1,353	1,353
	<u>1,052,111</u>	<u>-</u>	<u>1,037,238</u>	<u>2,089,349</u>
Total expenses				
Transfers (to) from Affiliates	<u>(73,600)</u>	<u>-</u>	<u>73,600</u>	<u>-</u>
Increase (decrease) in net assets	<u>\$ 598,657</u>	<u>\$ 71,290</u>	<u>\$ (52,596)</u>	<u>\$ 617,351</u>

St. Tikhon's Orthodox Monastery

Schedule of Activities by Department

Year Ended December 31, 2020

	Without Donor Restrictions Monastery	With Donor Restrictions Monastery	Without Donor Restrictions Bookstore	Totals
Support and Revenue				
Contributions	\$ 758,430	\$ 3,053,141	\$ 45,000	\$ 3,856,571
Bookstore	-	-	640,776	640,776
Investment income	104,322	-	-	104,322
Cemetery plots	70,765	-	-	70,765
Bequests	31,280	-	-	31,280
Assessment and dues	12,450	-	-	12,450
Activities	2,100	-	-	2,100
Other income	673	-	92	765
	<u>980,020</u>	<u>3,053,141</u>	<u>685,868</u>	<u>4,719,029</u>
Expenses				
Operating	425,699	-	214,861	640,560
Personnel	149,472	-	216,811	366,283
Cost of goods sold	-	-	325,332	325,332
Administrative	91,185	-	54,223	145,408
Fundraising, special events	25,187	-	33,458	58,645
Interest	2,956	-	15,966	18,922
Royalties expense	-	-	2,700	2,700
	<u>694,499</u>	<u>-</u>	<u>863,351</u>	<u>1,557,850</u>
Total expenses				
Increase (decrease) in net assets	<u>\$ 285,521</u>	<u>\$ 3,053,141</u>	<u>\$ (177,483)</u>	<u>\$ 3,161,179</u>

St. Tikhon's Orthodox Monastery

Schedule of Operating, Personnel and Administrative Expenses by Department

Year Ended December 31, 2021

	<u>Monastery</u>	<u>Bookstore</u>	<u>Totals</u>
Operating			
Depreciation and amortization	\$ 114,427	\$ 47,411	\$ 161,838
Repairs and maintenance	149,563	1,676	151,239
Chamber choir	-	110,775	110,775
Contributions and stipends	105,704	-	105,704
Supplies	99,059	2,403	101,462
Utilities	64,757	14,319	79,076
Liturgical	51,131	-	51,131
Equipment	46,353	-	46,353
Insurance	908	34,100	35,008
Assessments and dues	19,729	5,953	25,682
Credit card fees	11	23,459	23,470
Telephone	12,947	8,741	21,688
Security	20,334	-	20,334
Cemetery costs	19,500	-	19,500
Architect fees	-	8,000	8,000
Bank fees	3,235	3,932	7,167
	<u>\$ 707,658</u>	<u>\$ 260,769</u>	<u>\$ 968,427</u>
Total operating	<u>\$ 707,658</u>	<u>\$ 260,769</u>	<u>\$ 968,427</u>
Personnel			
Salary and wages	\$ -	\$ 264,112	\$ 264,112
Maintenance and support	115,865	-	115,865
Health insurance	50,034	120	50,154
Payroll taxes	-	21,004	21,004
	<u>\$ 165,899</u>	<u>\$ 285,236</u>	<u>\$ 451,135</u>
Total personnel	<u>\$ 165,899</u>	<u>\$ 285,236</u>	<u>\$ 451,135</u>
Administrative			
Automobile	\$ 38,174	\$ -	\$ 38,174
Office supplies	18,455	17,689	36,144
Salary and wages	-	23,459	23,459
Professional fees	10,159	10,890	21,049
Travel	19,847	-	19,847
Advertising	7,755	1,117	8,872
	<u>\$ 94,390</u>	<u>\$ 53,155</u>	<u>\$ 147,545</u>
Total administrative	<u>\$ 94,390</u>	<u>\$ 53,155</u>	<u>\$ 147,545</u>

St. Tikhon's Orthodox Monastery

Schedule of Operating, Personnel and Administrative Expenses by Department

Year Ended December 31, 2020

	<u>Monastery</u>	<u>Bookstore</u>	<u>Totals</u>
Operating			
Depreciation and amortization	\$ 86,404	\$ 47,422	\$ 133,826
Repairs and maintenance	99,276	4,652	103,928
Utilities	52,548	9,583	62,131
Supplies	56,878	43	56,921
Chamber choir	6,247	44,000	50,247
Assessments and dues	12,646	28,184	40,830
Insurance	641	38,400	39,041
Liturgical	38,958	-	38,958
Equipment	26,398	-	26,398
Telephone	11,090	13,807	24,897
Credit card fees	37	20,347	20,384
Security	15,769	-	15,769
Cemetery costs	15,319	-	15,319
Bank fees	4,102	2,273	6,375
Architect fees	-	6,150	6,150
Contributions and stipends	(614)	-	(614)
	<u> </u>	<u> </u>	<u> </u>
Total operating	<u>\$ 425,699</u>	<u>\$ 214,861</u>	<u>\$ 640,560</u>
Personnel			
Salary and wages	\$ -	\$ 201,717	\$ 201,717
Maintenance and support	109,601	-	109,601
Health insurance	39,871	-	39,871
Payroll taxes	-	15,094	15,094
	<u> </u>	<u> </u>	<u> </u>
Total personnel	<u>\$ 149,472</u>	<u>\$ 216,811</u>	<u>\$ 366,283</u>
Administrative			
Office supplies	\$ 29,678	\$ 15,531	\$ 45,209
Automobile	35,349	-	35,349
Salary and wages	-	21,500	21,500
Professional fees	6,484	11,173	17,657
Advertising	14,026	3,608	17,634
Travel	5,648	150	5,798
Payroll taxes	-	1,645	1,645
Miscellaneous	-	616	616
	<u> </u>	<u> </u>	<u> </u>
Total administrative	<u>\$ 91,185</u>	<u>\$ 54,223</u>	<u>\$ 145,408</u>