

St. Tikhon's Orthodox Monastery

Financial Statements and
Supplementary Information

December 31, 2022 and 2021

St. Tikhon's Orthodox Monastery

Table of Contents
December 31, 2022 and 2021

	<u>Page</u>
Independent Accountants' Review Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	6
Notes to Financial Statements	7
Supplementary Information	
Schedules of Financial Position by Department	15
Schedules of Activities by Department	17
Schedules of Operating, Personnel and Administrative Expenses by Department	19

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 statements of financial position as of December 31, 2022 and 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.

Basis for Qualified Conclusion

As disclosed in Note 1 to the financial statements, accounting principles generally accepted in the United States of America require that a portion of the revenue from the sale of cemetery property be allocated to reduce the land cost and the remaining balance held to provide perpetual care. Management has informed us that they do not have the resources to provide an estimate of land available for sale or the reserve for perpetual care. 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.

Qualified Conclusion

Based on our reviews, except for the effect of the matter described in the Basis for Qualified Conclusion 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.

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 Basis for Qualified Conclusion 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 22, 2023

St. Tikhon's Orthodox Monastery

Statements of Financial Position

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 710,922	\$ 889,246
Investments	2,328,737	3,062,627
Accounts receivable	12,778	13,714
Inventories	204,158	214,496
	<u>3,256,595</u>	<u>4,180,083</u>
Total current assets	3,256,595	4,180,083
Property and Equipment, Net		
	<u>2,994,444</u>	<u>2,480,228</u>
Total assets	<u>\$ 6,251,039</u>	<u>\$ 6,660,311</u>
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	\$ 75,765	\$ 59,829
Accounts payable	81,782	50,680
Payroll taxes payable	6,549	7,000
Sales tax payable	821	917
Deferred revenue	4,061	1,799
	<u>168,978</u>	<u>120,225</u>
Total current liabilities	168,978	120,225
Long-Term Debt		
	<u>610,898</u>	<u>609,918</u>
Total liabilities	<u>779,876</u>	<u>730,143</u>
Net Assets		
Without donor restrictions	2,334,331	2,684,690
With donor restrictions	3,136,832	3,245,478
	<u>5,471,163</u>	<u>5,930,168</u>
Total net assets	5,471,163	5,930,168
Total liabilities and net assets	<u>\$ 6,251,039</u>	<u>\$ 6,660,311</u>

See notes to financial statements

St. Tikhon's Orthodox Monastery

Statement of Activities

Year Ended December 31, 2022

(With Comparative Total for the Year Ended December 31, 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>	<u>2021 Total</u>
Support and Revenue				
Contributions	\$ 1,022,239	\$ 23,226	\$ 1,045,465	\$ 1,354,437
Bookstore	834,471	-	834,471	814,693
Activities	88,333	-	88,333	13,909
Cemetery plots	85,350	-	85,350	86,725
Bequests	21,562	-	21,562	25,661
Gain on sale of equipment	20,417	-	20,417	-
Assessment and dues	6,200	-	6,200	13,100
Other income	114	-	114	614
Iconography projects	9,940	-	9,940	3,100
Investment (loss) income	(270,724)	-	(270,724)	354,282
Paycheck Protection Program loan	-	-	-	40,179
Net assets released from restrictions	131,872	(131,872)	-	-
Total support and revenue	<u>1,949,774</u>	<u>(108,646)</u>	<u>1,841,128</u>	<u>2,706,700</u>
Expenses				
Operating	1,093,861	-	1,093,861	968,427
Personnel	569,065	-	569,065	451,135
Cost of goods sold	348,560	-	348,560	391,558
Administrative	173,224	-	173,224	147,545
Fundraising, special events	94,238	-	94,238	106,520
Interest	20,223	-	20,223	22,811
Royalties expense	962	-	962	1,353
Total expenses	<u>2,300,133</u>	<u>-</u>	<u>2,300,133</u>	<u>2,089,349</u>
Change in net assets	(350,359)	(108,646)	(459,005)	617,351
Net Assets, Beginning	<u>2,684,690</u>	<u>3,245,478</u>	<u>5,930,168</u>	<u>5,312,817</u>
Net Assets, Ending	<u>\$ 2,334,331</u>	<u>\$ 3,136,832</u>	<u>\$ 5,471,163</u>	<u>\$ 5,930,168</u>

See notes to financial statements

St. Tikhon's Orthodox Monastery

Statement of Activities

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 1,283,147	\$ 71,290	\$ 1,354,437
Bookstore	814,693	-	814,693
Investment income	354,282	-	354,282
Bequests	86,725	-	86,725
Paycheck Protection			-
Program loan	40,179	-	40,179
Cemetery plots	25,661	-	25,661
Activities	13,909	-	13,909
Assessment and dues	13,100	-	13,100
Iconography projects	3,100	-	3,100
Other income	614		614
	<u>2,635,410</u>	<u>71,290</u>	<u>2,706,700</u>
Total support and revenue			
Expenses			
Operating	968,427	-	968,427
Personnel	451,135	-	451,135
Cost of goods sold	391,558	-	391,558
Administrative	147,545	-	147,545
Fundraising, special events	106,520	-	106,520
Interest	22,811	-	22,811
Royalties expense	1,353	-	1,353
	<u>2,089,349</u>	<u>-</u>	<u>2,089,349</u>
Total expenses			
Change in net assets	546,061	71,290	617,351
Net Assets, Beginning	<u>2,138,629</u>	<u>3,174,188</u>	<u>5,312,817</u>
Net Assets, Ending	<u>\$ 2,684,690</u>	<u>\$ 3,245,478</u>	<u>\$ 5,930,168</u>

See notes to financial statements

St. Tikhon's Orthodox Monastery

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (459,005)	\$ 617,351
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	176,961	161,838
Gifts restricted for long-term investments	(23,226)	(71,290)
Net realized and unrealized loss (gain) on investments	306,664	(322,869)
Gain on sale of equipment	(20,417)	-
Changes in assets and liabilities:		
Accounts receivable	936	49,000
Inventories	10,338	34,146
Accounts payable	31,102	43,789
Refundable advance	-	(40,179)
Payroll taxes payable	(451)	2,392
Deferred revenue	2,262	687
Sales tax payable	(96)	320
Net cash provided by operating activities	<u>25,068</u>	<u>475,185</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	427,226	286,318
Proceeds from sale of equipment	29,738	-
Purchases of property and equipment	<u>(620,008)</u>	<u>(467,741)</u>
Net cash used in investing activities	<u>(163,044)</u>	<u>(181,423)</u>
Cash Flows From Financing Activities		
Gifts restricted for long-term investments	23,226	71,290
Repayments of long-term debt	<u>(63,574)</u>	<u>(52,722)</u>
Net cash (used in) provided by financing activities	<u>(40,348)</u>	<u>18,568</u>
Change in cash and cash equivalents	(178,324)	312,330
Cash and Cash Equivalents, Beginning	<u>889,246</u>	<u>576,916</u>
Cash and Cash Equivalents, Ending	<u>\$ 710,922</u>	<u>\$ 889,246</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 20,223</u>	<u>\$ 22,811</u>
Supplemental Disclosure of Noncash Investing Activities and Financing Activities		
Vehicle acquisitions financed	<u>\$ 79,652</u>	<u>\$ 24,441</u>

See notes to financial statements

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2022 and 2021

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 22, 2023, 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, 2022 and 2021

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 Waterfall project, the new Monks House and Church renovations.

Revenue Recognition

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.

Departure From U.S. GAAP

Accounting principles generally accepted in the United States of America require that a portion of the revenue from the sale of cemetery property be allocated to reduce the land cost and the remaining balance held to provide perpetual care.

The effect of these departures on the financial position, changes in net assets and cash flows of the Monastery have not been determined.

St. Tikhon's Orthodox Monastery

Notes to Financial Statements

December 31, 2022 and 2021

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.

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 2022 and 2021. 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 2022 and 2021.

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2022 and 2021

2. Investments and Fair Value Measurements

The composition of investments is as follows at December 31:

	<u>2022</u>	<u>2021</u>
Money market	\$ 944,454	\$ 457,885
Marketable equity securities	<u>1,384,283</u>	<u>2,604,742</u>
Total	<u>\$ 2,328,737</u>	<u>\$ 3,062,627</u>

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

	<u>2022</u>		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Interest and dividend income	\$ 35,940	\$ -	\$ 35,940
Realized and unrealized losses on investments	<u>(306,664)</u>	<u>-</u>	<u>(306,664)</u>
Total investment return	<u>\$ (270,724)</u>	<u>\$ -</u>	<u>\$ (270,724)</u>
	<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>

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, 2022 and 2021

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>2022</u>	<u>2021</u>
Land	\$ 5,300	\$ 5,300
Land improvements	41,427	27,777
Buildings and improvements	4,290,299	3,583,255
Furniture	37,306	37,306
Equipment	152,126	111,525
Vehicles	220,876	174,852
Construction in progress	718,490	891,779
Total	5,465,824	4,831,794
Less accumulated depreciation	2,471,380	2,351,566
Property and equipment, net	<u>\$ 2,994,444</u>	<u>\$ 2,480,228</u>

Depreciation expense was \$176,124 in 2022 and \$148,340 in 2021.

4. Long-Term Debt

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

	<u>2022</u>	<u>2021</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	\$ 238,646	\$ 257,221
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	342,853	373,918
<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	17,311	22,800

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</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	\$ 20,902	\$ 24,180
<u>Volkswagen Credit</u>		
Note payable in monthly installments of \$357, including interest at 5.50% for 72 months, maturing December 2028, secured by vehicle	21,834	-
<u>People's Security</u>		
Note payable in monthly installments of \$443, including interest at 3.29% for 60 months, maturing May 2027, secured by vehicle	21,805	-
<u>Fidelity Bank</u>		
Note payable in monthly installments of \$623, including interest at 4.60% for 60 months, maturing August 2027, secured by vehicle	30,846	-
	694,197	678,119
Less deferred financing costs	7,534	8,372
Less current portion	75,765	59,829
Long-term debt	<u>\$ 610,898</u>	<u>\$ 609,918</u>

Scheduled principal repayments for periods subsequent to December 31, 2022 are as follows:

Years ending December 31:	
2023	\$ 75,765
2024	78,427
2025	80,686
2026	77,702
2027	74,353
Thereafter	307,264
Total	<u>\$ 694,197</u>

5. Net Assets

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

	<u>2022</u>	<u>2021</u>
Liturgical Arts Center	\$ 3,131,832	\$ 3,121,832
Waterfall project	5,000	-
Monk's House	-	83,715
Church roof	-	39,931
	<u>\$ 3,136,832</u>	<u>\$ 3,245,478</u>

St. Tikhon's Orthodox Monastery

Notes to Financial Statements

December 31, 2022 and 2021

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.

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:

	2022		
	Monastery	Bookstore	Total
Other operating	\$ 546,314	\$ 115,481	\$ 661,795
Salary and wages	-	354,888	354,888
Cost of goods sold	-	348,560	348,560
Depreciation and amortization	129,562	47,399	176,961
Repairs and maintenance	143,794	857	144,651
Supplies	112,964	19,963	132,927
Insurance	60,083	43,948	104,031
Fundraising, special events	79,367	14,871	94,238
Utilities	78,461	14,064	92,525
Travel	38,534	4,270	42,804
Security	31,819	-	31,819
Memberships	22,305	8,640	30,945
Payroll taxes	-	26,597	26,597
Professional fees	13,281	11,699	24,980
Interest	8,688	11,535	20,223
Advertising	7,342	1,233	8,575
Miscellaneous	2,652	-	2,652
Royalties expense	-	962	962
Total expenses	\$ 1,275,166	\$ 1,024,967	\$ 2,300,133

	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
Total expenses	\$ 1,052,111	\$ 1,037,238	\$ 2,089,349

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2022 and 2021

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>2022</u>	<u>2021</u>
General insurance reimbursement	\$ 42,000	\$ 34,100
Contributions	-	11,000
Total	<u>\$ 42,000</u>	<u>\$ 45,100</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. The Monastery has not experienced any loss in such accounts and does not believe it is exposed to any significant risk related to its cash and cash equivalents .

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 710,922	\$ 889,246
Accounts receivable	12,778	13,714
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 723,700</u>	<u>\$ 902,960</u>

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

The Monastery has identified a deficit in available cash and investments to cover its donor-restricted net assets as of December 31, 2022. This situation arises primarily due to the timing difference in releasing property and equipment held in construction in progress.

10. Contingencies

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 Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The Monastery met the PPP's loan forgiveness requirements, and therefore, applied for forgiveness in December 2020. Legal release was received in January 2021. 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, 2022

	<u>Monastery</u>	<u>Bookstore</u>	<u>Totals</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 639,443	\$ 71,479	\$ 710,922
Investments	2,328,737	-	2,328,737
Accounts receivable	7,738	5,040	12,778
Inventories	-	204,158	204,158
Total current assets	2,975,918	280,677	3,256,595
Property and Equipment, Net	<u>2,538,148</u>	<u>456,296</u>	<u>2,994,444</u>
Total assets	<u>\$ 5,514,066</u>	<u>\$ 736,973</u>	<u>\$ 6,251,039</u>
Liabilities and Net Assets			
Current Liabilities			
Current portion of long-term debt	\$ 54,639	\$ 21,126	\$ 75,765
Accounts payable	39,941	41,841	81,782
Interdepartmental (receivable) payable	(1,068,536)	1,068,536	-
Payroll taxes payable	-	6,549	6,549
Sales tax payable	-	821	821
Deferred revenue	-	4,061	4,061
Total current liabilities	(973,956)	1,142,934	168,978
Long-Term Debt	<u>400,912</u>	<u>209,986</u>	<u>610,898</u>
Total liabilities	<u>(573,044)</u>	<u>1,352,920</u>	<u>779,876</u>
Net Assets			
Without donor restrictions	2,950,278	(615,947)	2,334,331
With donor restrictions	3,136,832	-	3,136,832
Total net assets	<u>6,087,110</u>	<u>(615,947)</u>	<u>5,471,163</u>
Total liabilities and net assets	<u>\$ 5,514,066</u>	<u>\$ 736,973</u>	<u>\$ 6,251,039</u>

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
Total current assets	3,888,826	291,257	4,180,083
Property and Equipment, Net	<u>1,977,371</u>	<u>502,857</u>	<u>2,480,228</u>
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
Total current liabilities	(960,223)	1,080,448	120,225
Long-Term Debt	<u>381,067</u>	<u>228,851</u>	<u>609,918</u>
Total liabilities	<u>(579,156)</u>	<u>1,309,299</u>	<u>730,143</u>
Net Assets			
Without donor restrictions	3,199,875	(515,185)	2,684,690
With donor restrictions	<u>3,245,478</u>	<u>-</u>	<u>3,245,478</u>
Total net assets	<u>6,445,353</u>	<u>(515,185)</u>	<u>5,930,168</u>
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 Activities by Department

Year Ended December 31, 2022

	Without Donor Restrictions Monastery	With Donor Restrictions Monastery	Without Donor Restrictions Bookstore	Totals
Support and Revenue				
Contributions	\$ 1,021,072	\$ 23,226	\$ 1,167	\$ 1,045,465
Bookstore	-	-	834,471	834,471
Activities	9,841	-	78,492	88,333
Cemetery plots	85,350	-	-	85,350
Bequests	21,562	-	-	21,562
Gain on sale of equipment	20,417	-	-	20,417
Iconography projects	-	-	9,940	9,940
Assessment and dues	6,200	-	-	6,200
Other income	-	-	114	114
Investment loss	(270,745)	-	21	(270,724)
Net assets released from restrictions	131,872	(131,872)	-	-
	<u>1,025,569</u>	<u>(108,646)</u>	<u>924,205</u>	<u>1,841,128</u>
Total support and revenue				
	<u>1,025,569</u>	<u>(108,646)</u>	<u>924,205</u>	<u>1,841,128</u>
Expenses				
Operating	863,327	-	230,534	1,093,861
Personnel	203,279	-	365,786	569,065
Cost of goods sold	-	-	348,560	348,560
Administrative	120,505	-	52,719	173,224
Fundraising, special events	79,367	-	14,871	94,238
Interest	8,688	-	11,535	20,223
Royalties expense	-	-	962	962
	<u>1,275,166</u>	<u>-</u>	<u>1,024,967</u>	<u>2,300,133</u>
Total expenses				
	<u>1,275,166</u>	<u>-</u>	<u>1,024,967</u>	<u>2,300,133</u>
Decrease in net assets	<u>\$ (249,597)</u>	<u>\$ (108,646)</u>	<u>\$ (100,762)</u>	<u>\$ (459,005)</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
Activities	12,062	-	1,847	13,909
Assessment and dues	13,100	-	-	13,100
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 Departments	<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 Operating, Personnel and Administrative Expenses by Department
Year Ended December 31, 2022

	<u>Monastery</u>	<u>Bookstore</u>	<u>Totals</u>
Operating			
Contributions and stipends	\$ 179,136	\$ 67	\$ 179,203
Depreciation and amortization	129,561	47,400	176,961
Repairs and maintenance	143,794	857	144,651
Supplies	100,297	1,145	101,442
Utilities	78,461	14,064	92,525
Liturgical	89,981	-	89,981
Chamber choir	-	82,101	82,101
Equipment	50,356	-	50,356
Insurance	1,081	43,948	45,029
Security	31,819	-	31,819
Assessments and dues	22,305	8,640	30,945
Telephone	16,120	9,358	25,478
Credit card fees	(707)	19,641	18,934
Cemetery costs	17,000	-	17,000
Bank fees	1,471	3,313	4,784
Miscellaneous	2,652	-	2,652
	<u>\$ 863,327</u>	<u>\$ 230,534</u>	<u>\$ 1,093,861</u>
Total operating	<u>\$ 863,327</u>	<u>\$ 230,534</u>	<u>\$ 1,093,861</u>
Personnel			
Salary and wages	\$ -	\$ 339,189	\$ 339,189
Maintenance and support	144,277	-	144,277
Health insurance	59,002	-	59,002
Payroll taxes	-	26,597	26,597
	<u>-</u>	<u>26,597</u>	<u>26,597</u>
Total personnel	<u>\$ 203,279</u>	<u>\$ 365,786</u>	<u>\$ 569,065</u>
Administrative			
Automobile	\$ 48,680	\$ -	\$ 48,680
Travel	38,534	4,270	42,804
Office supplies	12,667	19,818	32,485
Professional fees	13,281	11,699	24,980
Salary and wages	-	15,699	15,699
Advertising	7,343	1,233	8,576
	<u>7,343</u>	<u>1,233</u>	<u>8,576</u>
Total administrative	<u>\$ 120,505</u>	<u>\$ 52,719</u>	<u>\$ 173,224</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>