ORTHODOX CHURCH in AMERICA

THE ORTHODOX CHURCH IN AMERICA

Financial Statements
With Independent Auditors' Report

December 31, 2013 and 2012

CAPINCROUSE LLP
Certified Public Accountants

THE ORTHODOX CHURCH IN AMERICA

Table of Contents

CAPINCROUSE LLP
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INDEPENDENT AUDITORS' REPORT

Metropolitan Council
The Orthodox Church in America
Syosset, New York

We have audited the accompanying financial statements of The Orthodox Church in America, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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 auditor's 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 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 organization'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.

Metropolitan Council
The Orthodox Church in America
Syosset, New York

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, 2013, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of The Orthodox Church in America as of December 31, 2012, were audited by other auditors whose report dated September 20, 2013, expressed an unmodified opinion on those statements.

As discussed in Note 15 to the financial statements, misstatements of previously reported assets, liabilities and net assets as of December 31, 2012, were identified during the current year. Accordingly, a retrospective adjustment has been made to assets, liabilities and net assets. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

New York, New York
August 21, 2014

THE ORTHODOX CHURCH IN AMERICA

Statements of Financial Position

	December 31, 2013	December 31, 2012
ASSETS:		
Cash and cash equivalents	$ 840,095	$ 849,712
Assessments and other accounts receivable, net	160,057	201,474
Bequests receivable	525,025	564,321
Prepaid expenses	23,027	14,742
Capitalized mortgage closing costs, net	-	3,075
Investments:		
Unrestricted	28,674	27,262
Endowment pool fund	472,611	471,592
St. Andrew endowment fund	102,679	102,568
FOS endowment fund	68,543	68,662
Annuity and unitrust agreements	381,122	459,686
Cash restricted for endowment	90,094	90,094
Property and equipment, net	259,762	288,196
Total Assets	$ 2,951,689	$ 3,141,384
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	$ 124,303	$ 121,201
Loans payable	35,598	59,616
Retirement obligation	54,178	68,250
Annuity and unitrust agreements	186,098	286,014
Total liabilities	400,177	535,081
Net assets:		
Unrestricted		
Undesignated (deficit)	(233,871)	(150,658)
Invested in property and equipment	259,762	228,580
Total unrestricted	25,891	77,922
Temporarily restricted	1,502,372	1,506,421
Permanently restricted	1,023,249	1,021,960
Total net assets	2,551,512	2,606,303
Total Liabilities and Net Assets	$ 2,951,689	$ 3,141,384

See notes to financial statements

THE ORTHODOX CHURCH IN AMERICA

Statements of Activities

	Year Ended December 31,							
	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING SUPPORT, REVENUE AND RECLASSIFICATIONS:								
Support:								
General contributions	$ 127,572	$ 5,520	$ -	$ 133,092	$ 463,682	$ 1,000	$ -	$ 464,682
Fellowship of Orthodox Stewards	-	60,435	-	60,435	-	10,080	-	10,080
Missions	-	27,618	-	27,618	-	5,251	-	5,251
Seminary	-	27,144	-	27,144	-	1,199	-	1,199
Charity	-	1,487	-	1,487	-	12,556	-	12,556
Total support	127,572	122,204	-	249,776	463,682	30,086	-	493,768
Revenue:								
Assessments	2,001,762	-	-	2,001,762	2,281,079	-	-	2,281,079
Publications	2,390	-	-	2,390	1,095	-	-	1,095
Other revenue	66,195	-	-	66,195	4,353	-	-	4,353
Total revenue	2,070,347	-	-	2,070,347	2,286,527	-	-	2,286,527
Reclassifications:								
Satisfaction of restrictions	129,825	(129,825)	-	-	192,804	(192,804)	-	-
Total Operating Support, Revenue and and Reclassifications	2,327,744	(7,621)	-	2,320,123	2,943,013	(162,718)	-	2,780,295

(continued)

See notes to financial statements

THE ORTHODOX CHURCH IN AMERICA

Statements of Activities
(continued)

	Year Ended December 31,							
	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING EXPENSES:								
Program services	905,682	-	-	905,682	914,125	-	-	914,125
Supporting activities:								
General and administrative	1,312,494	-	-	1,312,494	1,291,418	-	-	1,291,418
Development	183,511	-	-	183,511	168,387	-	-	168,387
Total supporting services	1,496,005	-	-	1,496,005	1,459,805	-	-	1,459,805
Total Operating Expenses	2,401,687	-	-	2,401,687	2,373,930	-	-	2,373,930
Change in Net Assets From Operations	(73,943)	(7,621)	-	(81,564)	569,083	(162,718)	-	406,365
OTHER CHANGES IN NET ASSETS:								
All-American council income	-	-	-	-	-	68,761	-	68,761
Net investment income	6,075	322	-	6,397	3,251	6,261	-	9,512
Change in actuarial value of annuities and unitrusts	15,837	3,250	1,289	20,376	10,715	(1,006)	1,531	11,240
Change in Net Assets	(52,031)	(4,049)	1,289	(54,791)	583,049	(88,702)	1,531	495,878
Net Assets, Beginning of Year (as previously stated)	77,922	1,506,421	1,021,960	2,606,303	(705,117)	1,818,363	1,020,429	2,133,675
Prior-period adjustments (See Note 15)	-	-	-	-	199,990	(223,240)	-	(23,250)
Net Assets, Beginning of Year (adjusted)	77,922	1,506,421	1,021,960	2,606,303	(505,127)	1,595,123	1,020,429	2,110,425
Net Assets, End of Year	$ 25,891	$ 1,502,372	$ 1,023,249	$ 2,551,512	$ 77,922	$ 1,506,421	$ 1,021,960	$ 2,606,303

See notes to financial statements

THE ORTHODOX CHURCH IN AMERICA

Statements of Cash Flows

	Year Ended December 31, 2013	Year Ended December 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (54,791)	$ 495,878
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	28,434	29,286
Amortization of mortgage closing costs	3,075	61,591
Net realized and unrealized (gain) loss on investments	4,699	(2,951)
Assumption of loan payable	42,798	-
Change in actuarial value of annuities and unitrusts	(20,376)	(11,240)
Changes in:		
Assessments and other accounts receivable, net	41,417	(72,096)
Note receivable	-	16,508
Bequests receivable	39,296	382,274
Prepaid expenses	(8,285)	1,493
Accounts payable and accrued expenses	3,102	(33,734)
Retirement obligation	(14,072)	-
Deferred revenue	-	(25,568)
Net Cash Provided by Operating Activities	65,297	841,441
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	369,471	610,363
Purchase of investments	(377,569)	(618,474)
Purchase of property and equipment	-	(13,226)
Net Cash Used by Investing Activities	(8,098)	(21,337)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of loan principal	(66,816)	(624,596)
Net Cash Used by Financing Activities	(66,816)	(624,596)
Change in Cash and Cash Equivalents	(9,617)	195,508
Cash and Cash Equivalents, Beginning of Year	849,712	654,204
Cash and Cash Equivalents, End of Year	$ 840,095	$ 849,712
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest on debt - none capitalized	$ 1,285	$ 15,258

See notes to financial statements

THE ORTHODOX CHURCH IN AMERICA

Notes to Financial Statements
December 31, 2013 and 2012

1. NATURE OF 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.

The Church is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Church has been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the Code. The Church's revenues are derived primarily from contributions and assessments.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements of The Church are presented on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

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 and disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Church considers all highly liquid instruments with maturities less than three months to be cash and cash equivalents. Certain items meet the definition of cash equivalents but are part of a larger pool of investments and are classified as investments in the statements of financial position. While at times cash balances may exceed federally insured (FDIC) limits, the Church has not experienced any losses in such accounts. Management does not believe it is exposed to any significant risk on these accounts.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ASSESSMENTS AND OTHER ACCOUNTS RECEIVABLE
Assessments and other accounts receivable are stated at the amount management expects to collect from outstanding balances. Receivables are expected to be collected within one year, and are therefore recorded at net realizable value. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a 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.

INVESTMENTS
Investments are reported at fair value with gains and losses included in the statements of activities in unrestricted net assets unless a donor or law temporarily or permanently restricts their use. Donated investments are reflected as contributions at their fair market values at date of receipt. Adjustments to the carrying value of investments are reported in statements of activities as a component of net investment income.

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.

DISCLOSURES ABOUT FAIR VALUE OF ASSETS
The *Fair Value Measurements and Disclosure* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; Level 3 inputs have the lowest priority. The Church uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

PROPERTY, EQUIPMENT, AND DEPRECIATION
Property and equipment are capitalized at cost or, if donated, at fair value on the date of donation. The Church capitalizes assets with a cost basis (or fair value for donated assets) of $3,000 or greater, and expenditures for repairs and maintenance are expensed when incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reported as income. Depreciation is recorded on the straight-line basis over the following estimated useful lives:

Building and improvements	40 years
Furniture, fixtures, and equipment	3 to 10 years
Software	3 years

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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 $93,032 and $95,970 at December 31, 2013 and 2012, respectively. The present value of the remaining future liability to be distributed by the Church at December 31, 2013 and 2012, is $83,314 and $86,816, respectively.

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 temporarily or permanently restricted contributions 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 $288,090 and $363,716 at December 31, 2013 and 2012, respectively. 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 $102,784 and $199,198 at December 31, 2013 and 2012, respectively.

CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets as follows:

Unrestricted net assets are those which include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the Church to utilize the funds in furtherance of its mission. Unrestricted net assets also include resources invested in property and equipment, "underwater" endowments and funds borrowed from endowments for use in operations.

Temporarily restricted net assets carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Temporarily restricted net assets also include accumulated endowment earnings that are restricted by the donor for a particular purpose or whose use is unrestricted but have not yet been appropriated for expenditure. Temporary restrictions may expire either because certain actions are taken by the Church which fulfill the restrictions or because of the passage of time. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS, continued

Permanently restricted net assets are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity. Generally, the donors of these funds permit the organization to use all or part of the income earned on related investments, and the net capital appreciation thereon, for general or specific purposes.

SUPPORT, REVENUE, RECLASSIFICATIONS AND EXPENSES

The Church recognizes gifts of cash and other assets as unrestricted support unless they are received with donor stipulations that limit the use of the donated amounts. Temporarily restricted net assets are reclassified to unrestricted net assets and recognized in the statements of activities as satisfaction of restrictions when a stipulated time restriction ends or purpose restriction is satisfied.

The Church recognizes gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Church recognizes expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Bequests are recorded as support at the time the Church has an established right to the bequest and the proceeds are measurable.

Assessment income is recorded when earned, which is the period for which the assessments relate. Investment income is recorded in the period it is earned. Other income is recorded when earned.

Expenses are recognized when incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated, based on management's estimate, among the program services and supporting activities benefited. The Church incurred no joint costs for the years ending December 31, 2013 and 2012, respectively.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are reported in expenses in the statements of activities. As of December 31, 2013 and 2012, the Church had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

RECLASSIFICATIONS

Certain reclassifications were made to the 2012 financial statements in order to conform to the 2013 presentation. These reclassifications had no effect on the change in net assets.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT
The Financial Accounting Standards Board (FASB) recently issued an accounting standards update to the *Statement of Cash Flows—Overall—Other Presentation Matters* topic of the Accounting Standards Codification (ASC). The amendments in this update require classification of cash receipts from the sale of donated financial assets (e.g., debt or equity instruments) by a not-for-profit that, upon receipt of the donated financial assets, are directed for sale without any limitations and are converted nearly immediately into cash as (1) operating cash flows, or (2) if the donor has restricted the use of the securities to a long-term purpose, as financing cash flows. The amendments require classification as investing cash flows of all other cash receipts resulting from the sale of debt and equity securities not meeting the foregoing conditions for classification within operating or financing cash flows. The amendments are effective for fiscal years beginning after June 15, 2013, with early adoption permitted. The Church has early adopted this update.

3. CASH AND CASH EQUIVALENTS:
Cash and cash equivalents consist of the following:

	December 31, 2013	December 31, 2012
Funds set aside for satisfaction of donor restrictions	$ 735,360	$ 706,128
Unrestricted operating funds	42,682	81,228
Reserve account	39,366	39,346
St. Sergius Chapel account	22,687	23,010
	$ 840,095	$ 849,712

4. ASSESSMENTS AND OTHER ACCOUNTS RECEIVABLE:
Assessments and other accounts receivable consist of the following:

	December 31, 2013	December 31, 2012
Assessments receivable	$ 146,193	$ 180,172
Other accounts receivable	53,839	31,221
	200,032	211,393
Less: allowance for doubtful accounts	(39,975)	(9,919)
	$ 160,057	$ 201,474

5. BEQUESTS RECEIVABLE:
The Church is a beneficiary in estates for which it was notified of prior to December 31, 2013. The total remaining funds that the Church expects to receive at December 31, 2013 and 2012, is $525,025 and $564,321, respectively. The remaining bequests receivable are expected to be collected during 2014.

6. INVESTMENTS:

Investments at fair value measured on a recurring basis consist of the following:

	December 31, 2013			
	Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 298,044	$ 298,044	$ -	$ -
Certificates of deposit	190,000	-	190,000	-
Negotiable certificates of deposit	189,774	-	189,774	-
U.S. Government agency obligations	120,779	120,779	-	-
Fixed income mutual funds	103,201	103,201	-	-
Annuity investments	93,032	-	93,032	-
Corporate bonds:				
BAA1 credit rating	17,685	-	17,685	-
A1 credit rating	7,851	-	7,851	-
AA3 credit rating	4,904	-	4,904	-
A2 credit rating	3,412	-	3,412	-
AA2 credit rating	2,490	-	2,490	-
A3 credit rating	2,294	-	2,294	-
Total corporate bonds	38,636	-	38,636	-
U.S. Government securities	13,224	13,224	-	-
Municipal bonds	5,196	5,196	-	-
Corporate stocks - consumer goods	1,743	1,743	-	-
	$ 1,053,629	$ 542,187	$ 511,442	$ -

The following provides further detail of the Level 3 fair value measurements for certificates of deposit:

Balance, December 31, 2012	$ 260,688
Purchases and sales:	
Purchases	-
Sales	(70,688)
Transfers out of Level 3 (a)	(190,000)
Balance, December 31, 2013	$ -

(a) The Church's policy is to recognize transfers in and transfers out as of the end of the reporting period. Transfers from Level 3 to Level 2 occurred to better reflect the method of evaluation of fair value.

6. INVESTMENTS, continued:

	December 31, 2012			
	Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 267,965	$ 267,965	$ -	$ -
Certificates of deposit	260,688	-	-	260,688
U.S. Government agency obligations	148,264	148,264	-	-
Negotiable certificates of deposit	140,402	140,402	-	-
Fixed income mutual funds	102,723	102,723	-	-
Annuity investments	95,970	-	95,970	-
Corporate bonds:				
BAA1	28,337	-	28,337	-
A1	22,639	-	22,639	-
A3	14,642	-	14,642	-
AA3	8,961	-	8,961	-
A2	3,619	-	3,619	-
AA2	2,794	-	2,794	-
BAA2	2,447	-	2,447	-
Total corporate bonds	83,439	-	83,439	-
U.S. Government securities	23,189	23,189	-	-
Municipal bonds	5,457	5,457	-	-
Corporate stocks - consumer goods	1,673	1,673	-	-
	$ 1,129,770	$ 689,673	$ 179,409	$ 260,688

The following provides further detail of the Level 3 fair value measurements for certificates of deposit:

Balance, December 31, 2011	$ 190,000
Purchases and sales:	
Purchases	70,688
Sales	-
Balance, December 31, 2012	$ 260,688

6. INVESTMENTS, continued:

VALUATION TECHNIQUES
Fair values for money market funds, negotiable certificates of deposit, U.S. Government agency obligations, mutual funds, U.S. Government securities, municipal bonds and corporate stocks are determined by reference to quoted market prices and other relevant information generated by market transactions, when available and are included in Level 1.

Fair values of annuity investments and certificates of deposits are based on other observable inputs including yields for securities of comparable maturity, quality, and type as obtained from market makers. Fair values of corporate bonds for which quoted market prices are not available are valued based on yields currently available on comparable securities of issuers with similar credit ratings. The corporate bonds and annuity investments are included in Level 2.

The fair values of certificates of deposit included in Level 3 are based on observable inputs other than quoted prices and thus are based on yields for securities of comparable maturity, quality, and type as obtained from market makers.

Investment income consists of the following:

	December 31,	
	2013	2012
Interest and dividends	$ 15,212	$ 10,637
Realized gain (loss)	(764)	329
Unrealized gain (loss)	(3,935)	2,622
Investment fees	(4,116)	(4,076)
	$ 6,397	$ 9,512

7. PROPERTY AND EQUIPMENT:
Property and equipment consists of the following:

	December 31,	
	2013	2012
Land	$ 45,000	$ 45,000
Buildings and improvements	531,783	531,783
Furniture, fixtures, and equipment	468,476	468,476
Software	33,000	33,000
	1,078,259	1,078,259
Less: accumulated depreciation	(818,497)	(790,063)
	$ 259,762	$ 288,196

8. LOANS PAYABLE:

Loans payable consist of the following:

	December 31, 2013	December 31, 2012
Mortgage loan payable of $1,700,000, collateralized by property in Oyster Bay, New York, bearing interest at an interest rate equal to the New York prime rate minus .25%, with a floor 7.00%. The original maturity date was September 2026; however, the Church repaid the loan in full during 2013.	$ -	$ 59,616
As part of the retirement agreement between the Church and the former Metropolitan, the Church agreed to assume a loan owed by the former Metropolitan to the Diocese of the South with a principal balance of $42,798. The Church and the Diocese of the South agreed to a three year repayment period without interest commencing in July 2013 and maturing in May 2016. Monthly principal payments amount to $1,200.	35,598	-
	$ 35,598	$ 59,616

A schedule of future minimum principal payments is as follows:

Year ending December 31,	
2014	$ 14,400
2015	14,400
2016	6,798
	$ 35,598

9. LEASE COMMITMENTS:

The Church leases office equipment under non-cancellable operating leases. Expenses related to these leases amounted to $21,838 and $22,212 for the years ending December 31, 2013 and 2012, respectively. Estimated future minimum lease payments by year and in the aggregate under the lease consists of the following:

Year ending December 31,	
2014	$ 21,324
2015	14,628
2016	7,932
	$ 43,884

10. RETIREMENT OBLIGATION:

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 America 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 both years ending December 31, 2013 and 2012. The actuarially calculated liability for future payments under this obligation amounted to $54,178 and $68,250 at December 31, 2013 and 2012, respectively.

11. MULTIEMPLOYER PENSION PLAN:

Substantially all full-time employees participate in The Orthodox Church in America Pension Plan (the Plan). This multiemployer 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 multiemployer plan differs 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 service 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 $43,437 and $41,600 in 2013 and 2012, respectively. The contributions made by the Church represented approximately 2.35% and 2.30% of the total contributions made to the Plan in 2013 and 2012, 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.

11. MULTIEMPLOYER PENSION PLAN, continued:

Contributions from all employers to the Plan for December 31, 2013 and 2012, respectively, are as follows:

Pension Fund:	FEIN	2013	2012
Orthodox Church in America Pension Plan	06-1455789	$ 1,846,621	$ 1,806,396

As of December 31, 2013, the Plan's total net assets available for benefits were $27,315,378, and the present value of accumulated Plan benefits was $42,144,166. As of December 31, 2012, the Plan's total net assets available for benefits were $24,781,362 and the actuarial present value of accumulated plan benefits was $41,824,744. As of December 31, 2013, the Plan was less than 65% funded.

12. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are as follows:

	December 31,			
	2012	Additions and Other Changes	Releases	2013
Mission appeal	$ 929,556	$ 27,618	$ (3,322)	$ 953,852
Uni-trust funds	157,592	7,074	(2,579)	162,087
Restricted endowments excess earnings	142,412	345	-	142,757
General purpose endowment excess earnings	79,125	183	-	79,308
Charity	73,916	1,487	(3,508)	71,895
Theological education - academic fellowship	59,300	-	-	59,300
Publication reserve fund	29,556	-	-	29,556
Chaplain reserve	1,896	-	-	1,896
Seminary appeal	-	27,144	(26,246)	898
Other restricted purposes	33,068	61,925	(94,170)	823
	$ 1,506,421	$ 125,776	$ (129,825)	$ 1,502,372

12. TEMPORARILY RESTRICTED NET ASSETS, continued:

	December 31, 2011	Additions and Other Changes	Releases	December 31, 2012
Mission appeal	$ 969,056	$ 5,251	$ (44,751)	$ 929,556
Uni-trust funds	156,145	1,447	-	157,592
Restricted endowments excess earnings	139,376	3,894	(858)	142,412
General purpose endowment excess earnings	77,515	1,610	-	79,125
Charity	71,350	12,566	(10,000)	73,916
Theological education - academic fellowship	59,300	-	-	59,300
Publication reserve fund	29,556	-	-	29,556
Other restricted purposes	86,914	78,135	(131,981)	33,068
Chaplain reserve	1,896	-	-	1,896
Seminary appeal	4,015	1,199	(5,214)	-
	$ 1,595,123	$ 104,102	$ (192,804)	$ 1,506,421

13. PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets consist of the following:

	December 31, 2013	December 31, 2012
Donor restricted endowments:		
General purposes	$ 224,268	$ 224,268
Restricted purposes	775,762	775,762
Permanently restricted charitable remainder unitrust	23,219	21,930
	$ 1,023,249	$ 1,021,960

14. 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.

14. ENDOWMENTS, continued:

The Church classifies as permanently restricted net assets (a) the original value of gifts donated to the donor-restricted permanent endowment, (b) the original value of subsequent gifts to the donor-restricted permanent endowment, and (c) accumulations to the permanent 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 that is not classified in permanently restricted net assets is classified as temporarily 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

Funds with Deficiencies

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 that are reported in unrestricted net assets were $487,623 and $487,416 at December 31, 2013 and 2012, respectively. $401,500 of these deficiencies at December 31, 2013 and 2012, respectively, are the result of borrowing from the endowment fund assets for operations, and the remaining $86,123 and $85,916 at December 31, 2013 and 2012, respectively, resulted from realized losses that occurred shortly after the market downturn in 2008. Management intends to utilize funds from an unrestricted bequest expected to be collected subsequent to year end to repay the borrowing from the endowment fund assets.

Return Objectives and Risk Parameters

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.

Strategies Employed for Achieving Objectives

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 that places a greater emphasis on cash and fixed income investments (over 90%) to achieve its long-term return and growth objectives within prudent risk constraints.

14. ENDOWMENTS, continued:

Endowment net assets composition by type of fund as of December 31, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowments for:				
General purposes	$ (139,143)	$ 79,308	$ 224,268	$ 164,433
Restricted purposes	(348,480)	142,757	775,762	570,039
Total endowment funds	$ (487,623)	$ 222,065	$ 1,000,030	$ 734,472

Changes in endowment net assets for the year ended December 31, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2013	$ (487,416)	$ 221,536	$ 1,000,030	$ 734,150
Investment return:				
Interest and dividend income (net of fees)	-	5,366	-	5,366
Realized and unrealized losses	-	(5,044)	-	(5,044)
Total investment return	-	322	-	322
Other changes:				
Change in funds with deficiencies	(207)	207	-	-
Endowment net assets, December 31, 2013	$ (487,623)	$ 222,065	$ 1,000,030	$ 734,472

Endowment net assets composition by type of fund as of December 31, 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowments for:				
General purposes	$ (139,141)	$ 79,124	$ 224,268	$ 164,251
Restricted purposes	(348,275)	142,412	775,762	569,899
Total endowment funds	$ (487,416)	$ 221,536	$ 1,000,030	$ 734,150

14. ENDOWMENTS, continued:

Changes in endowment net assets for the year ended December 31, 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2012	$ (709,649)	$ 437,508	$ 1,000,030	$ 727,889
Prior-period adjustment	220,678	(220,678)	-	-
Endowment net assets, January 1, 2012 as adjusted	(488,971)	216,830	1,000,030	727,889
Investment return:				
Interest and dividend income (net of fees)	-	5,405	-	5,405
Realized and unrealized gains	-	856	-	856
Total investment return	-	6,261	-	6,261
Other changes:				
Change in funds with deficiencies	1,555	(1,555)	-	-
Endowment net assets, December 31, 2012	$ (487,416)	$ 221,536	$ 1,000,030	$ 734,150

15. PRIOR PERIOD ADJUSTMENTS:

It was discovered that a prior period adjustment was needed as a result of an overstatement of previously reported temporarily restricted net assets and a corresponding understatement of unrestricted net assets. Additionally, it was discovered that prior period adjustments were needed as a result of a retirement obligation liability that the Church entered into during 2007 that had not been recorded and to record the value of land acquired as a result of a bargain purchase in a prior year. The adjustments were made to the beginning balances as of the earliest period presented, December 31, 2012, and had the following effect on the financial statements:

	January 1 2012 Previously Stated	Adjustments	January 1 2012 As Restated
Property and equipment, net	$ -	$ 45,000	$ 45,000
Retirement obligation	$ -	$ 68,250	$ 68,250
Unrestricted net assets	$ (705,117)	$ 199,990	$ (505,127)
Temporarily restricted net assets	$ 1,818,363	$ (223,240)	$ 1,595,123

16. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated. No additional subsequent events were discovered that require disclosure.

SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Metropolitan Council
The Orthodox Church in America
Syosset, New York

We have audited the financial statements of The Orthodox Church in America as of and for the year ended December 31, 2013, and have issued our report thereon dated August 21, 2014, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses is presented for the purposes of additional analysis and is not a required part of the 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects to the financial statements as a whole.

The financial statements of The Orthodox Church in America for the year ended December 31, 2012, were audited by other auditors and their report thereon dated September 20, 2013, which expressed an unmodified opinion on those financial statements, appears on page 2. Their report, as of the same date, on the schedule of expenses stated that, in their opinion, such information was fairly stated in all material respects in relation to the financial statements for the year ended December 31, 2012, as a whole.

Capin Crouse LLP

New York, New York
August 21, 2014

THE ORTHODOX CHURCH IN AMERICA

Supplemental Schedule of Expenses
Year Ended December 31, 2013

	Program	General and Administrative	Development	Totals
Program services, including related salaries:				
Website and public relations	$ 24,706	$ -	$ -	$ 24,706
Newspaper, sourcebook and calendar	64,120	-	-	64,120
History and archives	101,441	-	-	101,441
External affairs	147,427	-	-	147,427
Charity	6,300	-	-	6,300
Missions and stewardship	122,270	-	-	122,270
Seminaries	26,247	-	-	26,247
Education and community life	26,841	-	-	26,841
Parish and youth ministries	55,738	-	-	55,738
Pastoral life	27,284	-	-	27,284
All-American Council	11,958	-	-	11,958
Supporting services:				
Salaries and stipends	48,285	548,498	95,500	692,283
Payroll taxes and employee benefits	16,322	185,409	32,282	234,013
Supplies and other office expenses	18,081	18,189	3,638	39,908
Telephone and internet	7,397	9,246	1,849	18,492
Professional fees and contracted services	-	112,273	-	112,273
Travel	85,995	107,109	21,422	214,526
Meetings and conferences	1,519	2,149	380	4,048
Interest expense	514	643	129	1,286
Property taxes and town fees	12,511	15,639	3,128	31,278
Repairs and maintenance/building and grounds	39,083	48,854	9,771	97,708
Building utilities	12,800	16,001	3,200	32,001
Postage and shipping	570	713	143	1,426
Bad debt expense - assessments	-	21,085	-	21,085
Insurance	13,364	16,706	3,341	33,411
Bank and credit card fees	5,168	6,460	1,292	12,920
Miscellaneous	17,137	32,398	4,285	53,820
Expenses before depreciation, amortization and professional fees - legal	893,078	1,141,372	180,360	2,214,810
Depreciation	11,374	14,217	2,843	28,434
Amortization of closing costs	1,230	1,538	308	3,076
Professional fees - legal	-	155,367	-	155,367
Total Expenses	$ 905,682	$ 1,312,494	$ 183,511	$ 2,401,687

See auditors' report on supplementary information

THE ORTHODOX CHURCH IN AMERICA

Supplemental Schedule of Expenses
Year Ended December 31, 2012

	Program	General and Administrative	Development	Totals
Program services, including related salaries:				
Website and public relations	$ 78,169	$ -	$ -	$ 78,169
Newspaper, sourcebook and calendar	77,224	-	-	77,224
History and archives	97,877	-	-	97,877
External affairs	101,834	-	-	101,834
Charity	1,252	-	-	1,252
Missions and stewardship	101,044	-	-	101,044
Seminaries	6,000	-	-	6,000
Education and community life	20,440	-	-	20,440
Parish and youth ministries	24,611	-	-	24,611
Pastoral life	23,013	-	-	23,013
All-American Council	145,770	-	-	145,770
Supporting services:				
Salaries and stipends	29,952	479,232	89,856	599,040
Payroll taxes and employee benefits	9,998	159,975	29,995	199,968
Supplies and other office expenses	15,973	16,855	3,293	36,121
Telephone and internet	7,495	9,369	1,874	18,738
Professional fees and contracted services	-	175,014	-	175,014
Travel	69,730	87,162	17,432	174,324
Meetings and conferences	2,263	2,828	566	5,657
Interest expense	6,103	7,629	1,526	15,258
Property taxes and town fees	11,974	14,968	2,994	29,936
Repairs and maintenance/building and grounds	18,094	22,618	4,524	45,236
Building utilities	10,578	13,222	2,644	26,444
Postage and shipping	1,752	2,191	438	4,381
Bad debt expense - assessments and notes receivable	-	26,126	-	26,126
Bad debt expense - bequests receivable	-	39,500	-	39,500
Insurance	13,762	17,202	3,440	34,404
Bank and credit card fees	2,303	3,839	576	6,718
Miscellaneous	563	9,421	141	10,125
Expenses before depreciation, amortization and professional fees - legal	877,774	1,087,151	159,299	2,124,224
Depreciation	11,714	14,643	2,929	29,286
Amortization of closing costs	24,637	30,795	6,159	61,591
Professional fees - legal	-	158,829	-	158,829
Total Expenses	$ 914,125	$ 1,291,418	$ 168,387	$ 2,373,930

See auditors' report on supplementary information