



FINANCIAL REPORTS OF THE ORTHODOX CHURCH IN AMERICA AND STAVROPEGIAL INSTITUTIONS

BRING THIS REPORT TO THE ALL-AMERICAN COUNCIL AND
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This report has been prepared by the Financial Office of The Orthodox Church in America for the Sixteenth All-American Council to be held in Seattle, WA from October 31 through November 4, 2011.

This report contains numerous sections dealing with the finances of the Church as well as associated institutions. The Treasurer's Report, included in the Officers' Report package contains specifics on the financial condition of the Church from both a historical and prospective standpoint.

The other reports included in this package are the financial reports of the stavropegial institutions of the Orthodox Church in America. These institutions are under the spiritual care of the Metropolitan but are governed by their own Boards of Trustees and are separately incorporated. The three-year information is public and is presented here for informational purposes. Members of these institutions will be present at the Council and available for questions and discussion. This report should be read in its entirety prior to the beginning of the Council.

1. *OCA 2010 Financial Report and Six Month 2011 Report; Audited Financial Statements for 2008 and 2009*
2. *St Tikhon's Monastery 2008 through 2010 Financial Reports*
3. *St Tikhon's Bookstore 2008 through 2010 Financial Reports*
4. *St Tikhon's Orthodox Theological Seminary 2008 through 2010 Audited Financial Statements*
5. *St Vladimir's Orthodox Theological Seminary 2008 through 2010 Audited Financial Statements*
6. *The Monks of New Skete –Profit and Loss Statements for 2008 through 2010*
7. *Nuns of New Skete – Financial Statements for 2008 through 2010 and Six-month financial statements through June 30, 2011*
8. *Holy Myrrhbearers Monastery- Financial Statements for 2008 through 2010 and Seven month financial statements as of July 26, 2011*
9. *Protection of the Most Holy Theotokos Monastery – Profit and Loss Statements for 2008 through 2010*
10. *St. Catherine the Great Martyr-in-the-Fields Representation Church – Consolidated Financial report*

ORTHODOX CHURCH IN AMERICA FINANCIAL STATEMENTS

1. Six Month 2011 Financial Report given to Metropolitan Council
2. Audited 2010 Balance Sheet and Statement of Activities (the audit is finished and the final audit report issued by Lambrides, Lamos, Taylor LLP will be available at the Council)
3. Financial Statements and Auditor's Report for the Year Ended December 31, 2009
4. Financial Statements and Auditor's Report for the Year Ended December 31, 2008

**Orthodox Church in America
Treasurer's Report
For the Period April 1, 2011 through June 30, 2011**

Your Beatitude, Your Eminence, Your Graces, Reverend Fathers, and members of the Metropolitan Council:

Attached is "The Statement of Activities - Actual vs Budget" for the year ended June 30, 2011, along with the Comparative Balance Sheets as of June 30, 2011 and June 30, 2010.

Statement of Activities

The Statement of Activities results through June 30, 2011 shows an Operating surplus of \$51,148.39 **after** mortgage principal payments. This reflects a positive variance of \$22,518.39 versus the budget.

A. Unrestricted Funds

1. **Revenues:** Our Total Operating Revenue, excluding FOS Income, is \$25,141 under budget, with a negative variance of \$33,855 in Assessments, and positive variance of \$8,105 in other income.
2. **Expenses:** Our operating expenses are ***under budget by \$27,416*** in the administrative departments and \$21,089 under budget in FOS and Departmental Ministries.
 - Administrative Offices are over budget by \$25,555 with negative variances in Legal of \$14,467 and External audit of \$19,920. The audit expense will even out as our audit was conducted in May-June.
 - Metropolitan's Travel expenses are over budget by \$7,754 in the Travel category.
 - The Holy Synod expenses are over budget by \$12,373 in travel.
 - Metropolitan Council expenses are over budget by \$1,149 due to a negative travel variance of \$6,325 and positive Internal Audit variance of \$5,175.
 - Property Support is under budget by \$32,073 due to mainly to repairs which are scheduled but were not completed prior to June 30th.
 - Department of Communications and TOC is under budget by \$4,145. We are under budget in the "TOC" printing expenses by \$16,648, and over budget in the Webmaster and web hosting expenses by \$10,574 due to the concentration in Q2 on finishing the new web design and migration.
 - The Departments of External Affairs is under budget by \$2,859, all in the travel category.
 - The Department of History and Archives is over budget by \$2,139 in the benefits category.
 - We are under budget by a combined \$36,393 in the areas of Deferred Maintenance Reserve (\$5,000), Auto Replacement Reserve (\$2,500),

Strategic Planning Committee (\$16,410), Church Planting Reserve (\$17,500), Ordination Candidate Testing \$7,500, with overages in Theological Education \$1,164, Sexual Misconduct Committee (\$201) and St Sergius Chapel (\$11,151). The St. Sergius Chapel expenses relate solely to Chapel expenses are paid from the revenue and balance in that bank account.

3. FOS Income is \$7,971 for the year, with departmental program expenses of \$35,785. The Diaconal Vocations Program generated \$3,500 in revenues.

B. Temporarily Restricted Funds:

Revenue totaled \$353,946.66 in these funds which include Charity (\$1,887), Missions (\$3,303), Seminaries (\$1,689), the various Annuity Trusts (\$7,004), All American Council (\$219,651). We received a bequest of \$110,411 for the Youth Department, and a \$10,000 donation earmarked for the North America Saints Project. Disbursements totaled \$83,250, with \$42,870 representing required annuity distributions. The net change in temporarily restricted funds was an increase of \$270,696. The All American Funds will be disbursed later this fall as we approach the council.

C. Permanently Restricted Funds

Revenue of \$2,923.32 was comprised of dividend/interest income. Distributions of \$2,523.03 represented investment advisory charges, resulting in a net change of \$400 for the year.

The total <i>Net Change in Assets</i> , all funds, for the six months ended June 30, 2011 is an increase of \$389,550.

Balance Sheet

The comparative balance sheets as of June 30, 2011 and June 30, 2010 are also attached. Some highlights are as follows:

- Our cash position of \$864,481 includes unrestricted funds of \$175,696 and temporarily restricted funds of \$688,785.
- Our receivables include \$74,941 in assessments, \$24,076 in notes receivable, \$10,000 in pledges receivable and \$9,042 in receivables from the OCA Pension Department.
- There have been no fixed asset additions.
- Under the Restricted Investments, the Antonia Rotko Trust has been liquidated and distributed according to the stipulations of the Trust Agreement, with \$110,411 to the OCA for the Youth Department and the balance to Ms. Rotko's parish.
- Our Current Liabilities of \$171,971 includes \$111,905 representing the 2011 portion of the Honesdale loan balance and accrued annuity distributions of \$20,674 which were disbursed in July.
- The change in net assets is an increase of \$389,550, which is broken out as an increase of \$118,454 from unrestricted funds, an increase of \$270,696 from the

temporarily restricted funds, and an increase of \$400 in the permanently restricted funds.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Melanie Ringa".

Melanie Ringa
Treasurer

Orthodox Church in America
Comparative Balance Sheets
As of June 30, 2011 and June 30, 2010

	June 30, 2011	June 30, 2010
ASSETS		
Current Assets		
<i>Unrestricted</i>		
Commerce Checking- Operating	\$ 132,906.71	\$ 87,870.53
Commerce Checking- Operating - due to Restricted	\$ -	\$ -
Commerce Bank- Payroll	\$ 916.94	\$ 2,663.11
Astoria Bank- St.Sergius Chapel	\$ 24,971.55	\$ 23,010.56
Honesdale Bank Checking	\$ 15,700.71	\$ 15,700.71
Keybank OCPC	\$ -	\$ -
Petty Cash- Chancery Office	\$ 1,200.00	\$ 1,200.00
	\$ 175,695.91	\$ 130,444.91
<i>Temporarily Restricted</i>		
Commerce Bank- All American Council	\$ 217,453.21	\$ 1,342.21
Commerce Bank - Restricted	\$ 209,081.97	\$ 29,866.90
Commerce Bank- Reserved	\$ 39,316.84	\$ 14,304.22
Honesdale Bank Money Market	\$ 222,933.41	\$ 121,653.20
Honesdale Bank Money Market -due from Operating	\$ -	\$ -
	\$ 688,785.43	\$ 167,166.53
Total Cash	\$ 864,481.34	\$ 297,611.44
Accounts Receivable		
Accounts Receivable	\$ 9,042.04	\$ 7,989.42
Assessments Receivable	\$ 55,874.02	\$ 29,200.00
Pledges Receivable	\$ 10,000.00	\$ 10,000.00
Desk Calendar Receivable	\$ 25.00	\$ 90.00
Total Accounts Receivable	\$ 74,941.06	\$ 47,279.42
Other Current Assets		
OCPC Stock Inventory	\$ -	\$ -
Due from OCA Pension Dept	\$ 5,202.00	\$ 11,330.50
Due from Wash/NY for Salary Reimbursements	\$ -	\$ 9,125.51
Notes Receivable	\$ 24,076.27	\$ 24,826.27
Prepaid Expense	\$ 10,054.28	\$ 1,221.00
A/R Employee Assistance Program	\$ -	\$ 283.20
Due from Employees	\$ -	\$ -
Total Other Current Assets	\$ 39,332.55	\$ 46,786.48
Total Current Assets	\$ 978,754.95	\$ 391,677.34
Fixed Assets		
Plant Fund Building & Improve	\$ 531,783.27	\$ 531,783.27
Plant Fund Furniture & Equip	\$ 50,847.18	\$ 50,847.18
Plant Fund Auto & Garden Equip	\$ 64,423.10	\$ 64,423.10
Plant Fund Computer Equip	\$ 306,622.20	\$ 306,622.20
Plant Fund Software	\$ 3,000.00	\$ 3,000.00
Plant Fund Chapel Equip & Furn	\$ 25,000.00	\$ 25,000.00
Plant Fund Capitalized Closing	\$ 87,681.59	\$ 85,489.59
Accum Deprec Bld & Improvements	\$ (295,059.57)	\$ (281,764.57)
Accum Deprec Furn & Equip	\$ (50,847.11)	\$ (50,448.61)
Accum Deprec Auto & Garden Equi	\$ (64,422.93)	\$ (58,250.93)

Orthodox Church in America
Comparative Balance Sheets
As of June 30, 2011 and June 30, 2010

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Accum Deprec Computer Equip	\$ (306,621.91)	\$ (306,621.91)
Accum Deprec Computer Software	\$ (3,000.00)	\$ (2,500.00)
Accum Deprec Chapel Equip & Fur	\$ (25,000.00)	\$ (24,875.00)
Accum Amort Capital Close Cost	\$ (20,824.00)	\$ (14,248.00)
Total Fixed Assets	<u>\$ 303,581.82</u>	<u>\$ 328,456.32</u>
Restricted Investments and Trusts		
Fellowship of Orthodox Stewards	\$ 67,788.48	\$ 67,634.09
A & B York Trust	\$ 183,421.23	\$ 258,133.47
J McGuireTrust	\$ 210,439.57	\$ 210,733.03
Kavalenko Nimcrut	\$ 75,744.41	\$ 70,737.56
St. Andrew's	\$ 101,134.73	\$ 100,922.43
Antonia Rotko	\$ 0.40	\$ 138,375.98
Honesdale Main Endowment	\$ 465,601.64	\$ 462,934.64
HVIZD Annuity	\$ 107,103.10	\$ 107,103.10
Other Investments	\$ -	\$ -
Total Restricted Investments and Trusts	<u>\$ 1,211,233.56</u>	<u>\$ 1,416,574.30</u>
TOTAL ASSETS	<u><u>\$ 2,493,570.33</u></u>	<u><u>\$ 2,136,707.96</u></u>
LIABILITIES & EQUITY		
Current Liabilities		
Accounts payable and accrued Expenses	\$ 29,122.31	\$ 71,402.42
Pension and other benefits	\$ 90.13	\$ 4,201.85
Auto loan - Ford Motor Credit	\$ 9,852.51	\$ 16,095.47
Accrued endowment distributions	\$ 20,674.45	\$ -
Other	\$ 326.38	\$ 326.38
Current portion of Long term debt	\$ 111,905.47	\$ 103,246.42
Total Current Liabilities	<u>\$ 171,971.25</u>	<u>\$ 195,272.54</u>
Long Term Liabilities		
Deferred Compensation and annuities		
Hvizd Annuity liability	\$ 98,989.76	\$ 98,989.76
Unitrust liability	\$ 6,478.81	\$ 144,494.00
York trust liability	\$ 293,074.37	\$ 293,074.37
Total Deferred compensation and annuities	<u>\$ 398,542.94</u>	<u>\$ 536,558.13</u>
Honesdal National Bank, Long term portion	<u>\$ 622,662.79</u>	<u>\$ 738,695.92</u>
Total Liabilities	<u>\$ 1,193,176.98</u>	<u>\$ 1,470,526.59</u>
Equity		
Net Assets	\$ 910,842.73	\$ 478,949.06
Current Year Activity	\$ 389,550.62	\$ 187,232.31
Total Net Assets	<u>\$ 1,300,393.35</u>	<u>\$ 666,181.37</u>
Total Equity	<u>\$ 1,300,393.35</u>	<u>\$ 666,181.37</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$ 2,493,570.33</u></u>	<u><u>\$ 2,136,707.96</u></u>

Orthodox Church in America
Statement of Activities vs Budget
For the Quarter ended 6/30/11

	FINAL Budget 2011 (as revised May 2011)	Actual Q1 2011	Actual Q2 2011	Actual Thru 6/30/2011	Budget 6/30/2011	Variance to Budget
Unrestricted Funds:						
REVENUES						
Diocesan Assessments	\$ 2,375,000.00	\$ 579,592.50	\$ 574,052.50	\$ 1,153,645.00	\$ 1,187,500.00	\$ (33,855.00)
Contributions	\$ 3,500.00	\$ 1,653.00	\$ 1,360.00	\$ 3,013.00	\$ 1,750.00	\$ 1,263.00
St. Sergius Chapel	\$ 8,000.00	\$ 912.00	\$ 1,707.00	\$ 2,619.00	\$ 4,000.00	\$ (1,381.00)
Investment Income	\$ -	\$ 361.18	\$ 365.82	\$ 727.00	\$ -	\$ 727.00
Unrealized Gains/Losses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Misc Other	\$ 5,000.00	\$ 469.85	\$ 10,135.15	\$ 10,605.00	\$ 2,500.00	\$ 8,105.00
TOTAL REVENUES	\$ 2,391,500.00	\$ 582,988.53	\$ 587,620.47	\$ 1,170,609.00	\$ 1,195,750.00	\$ (25,141.00)
EXPENSES						
Executive Offices						
Salaries	\$ 317,000.00	\$ 79,250.00	\$ 81,161.50	\$ 160,411.50	\$ 158,500.00	\$ 1,911.50
Clergy Housing	\$ 43,605.00	\$ 10,901.25	\$ 10,901.25	\$ 21,802.50	\$ 21,802.50	\$ -
Payroll Taxes	\$ 7,650.00	\$ 1,985.23	\$ 73.61	\$ 2,058.84	\$ 3,825.00	\$ (1,766.16)
Benefits(Medical, Unemployment, Pension)	\$ 83,300.00	\$ 12,832.73	\$ 27,754.86	\$ 40,587.59	\$ 41,650.00	\$ (1,062.41)
	\$ 451,555.00	\$ 104,969.21	\$ 119,891.22	\$ 224,860.43	\$ 225,777.50	\$ (917.07)
Administrative Offices						
Salaries	\$ 174,000.00	\$ 44,025.24	\$ 42,720.24	\$ 86,745.48	\$ 87,000.00	\$ (254.52)
Payroll Taxes	\$ 13,300.00	\$ 4,439.80	\$ 1,737.25	\$ 6,177.05	\$ 6,650.00	\$ (472.95)
Benefits(Medical, Unemployment, Pension)	\$ 59,100.00	\$ 12,603.93	\$ 19,461.19	\$ 32,065.12	\$ 29,550.00	\$ 2,515.12
Legal	\$ 67,000.00	\$ 34,755.97	\$ 13,211.44	\$ 47,967.41	\$ 33,500.00	\$ 14,467.41
Outside contractors	\$ 88,000.00	\$ 26,525.00	\$ 24,842.50	\$ 51,367.50	\$ 44,000.00	\$ 7,367.50
Mortgage interest	\$ 70,000.00	\$ 15,556.82	\$ 15,437.44	\$ 30,994.26	\$ 35,000.00	\$ (4,005.74)
Accounting/Audit	\$ 35,000.00	\$ 420.41	\$ 37,000.00	\$ 37,420.41	\$ 17,500.00	\$ 19,920.41
Blackbaud Conversion Fees	\$ 20,000.00	\$ 4,142.66	\$ -	\$ 4,142.66	\$ 10,000.00	\$ (5,857.34)
Travel & meetings - central admin	\$ 25,000.00	\$ 983.71	\$ 2,468.11	\$ 3,451.82	\$ 12,500.00	\$ (9,048.18)
Telephone	\$ 15,200.00	\$ 3,354.26	\$ 3,292.60	\$ 6,646.86	\$ 7,600.00	\$ (953.14)
Equipment leasing	\$ 25,000.00	\$ 6,166.53	\$ 6,166.53	\$ 12,333.06	\$ 12,500.00	\$ (166.94)
Postage, mailing services	\$ 7,000.00	\$ 2,214.56	\$ 3,028.89	\$ 5,243.45	\$ 3,500.00	\$ 1,743.45
Computer expense	\$ 10,000.00	\$ 3,668.40	\$ 1,079.00	\$ 4,747.40	\$ 5,000.00	\$ (252.60)
Stipend (Mat. Glagolev)	\$ 11,400.00	\$ 2,850.00	\$ 2,850.00	\$ 5,700.00	\$ 5,700.00	\$ -
Office Supplies	\$ 15,000.00	\$ 117.46	\$ 4,349.34	\$ 4,466.80	\$ 7,500.00	\$ (3,033.20)
Food	\$ 6,000.00	\$ 887.18	\$ 3,246.06	\$ 4,133.24	\$ 3,000.00	\$ 1,133.24
Other administrative expenses	\$ 8,055.00	\$ 1,478.36	\$ 3,867.94	\$ 5,346.30	\$ 4,027.50	\$ 1,318.80
Amortization expense	\$ 4,400.00	\$ 1,096.00	\$ 1,096.00	\$ 2,192.00	\$ 2,200.00	\$ (8.00)
Insurance - D&O	\$ 6,300.00	\$ 3,662.00	\$ 30.00	\$ 3,692.00	\$ 3,150.00	\$ 542.00
Payroll processing fees	\$ 2,050.00	\$ 504.73	\$ 1,155.06	\$ 1,659.79	\$ 1,025.00	\$ 634.79
Bank fees, registration fees	\$ 2,000.00	\$ 434.25	\$ 489.13	\$ 923.38	\$ 1,000.00	\$ (76.62)
Books, subscriptions, dues & other	\$ 400.00	\$ 241.87	\$ -	\$ 241.87	\$ 200.00	\$ 41.87
Total Administrative Offices	\$ 664,205.00	\$ 170,129.14	\$ 187,528.72	\$ 357,657.86	\$ 332,102.50	\$ 25,555.36
Metropolitan Expenses						
Metropolitan Travel	\$ 35,000.00	\$ 9,756.64	\$ 16,642.18	\$ 26,398.82	\$ 17,500.00	\$ 8,898.82
Office expense	\$ 2,250.00	\$ 24.14	\$ 1,125.25	\$ 1,149.39	\$ 1,125.00	\$ 24.39
Office of Military Chaplaincy - Stipends	\$ 6,000.00	\$ 1,500.00	\$ 1,500.00	\$ 3,000.00	\$ 3,000.00	\$ -
Office of Military Chaplaincy - Expenses	\$ 6,200.00	\$ 769.36	\$ 1,161.13	\$ 1,930.49	\$ 3,100.00	\$ (1,169.51)
Total Metropolitan Expenses	\$ 49,450.00	\$ 12,050.14	\$ 20,428.56	\$ 32,478.70	\$ 24,725.00	\$ 7,753.70
Holy Synod						
Travel	\$ 45,000.00	\$ 13,303.22	\$ 24,521.30	\$ 37,824.52	\$ 22,500.00	\$ 15,324.52
Office expenses	\$ 200.00	\$ -	\$ -	\$ -	\$ 100.00	\$ (100.00)
Special Episcopal Stipends	\$ 14,400.00	\$ 3,600.00	\$ 3,600.00	\$ 7,200.00	\$ 7,200.00	\$ -
Food	\$ 5,000.00	\$ -	\$ 1,336.05	\$ 1,336.05	\$ 2,500.00	\$ (1,163.95)
Legal	\$ 3,000.00	\$ -	\$ -	\$ -	\$ 1,500.00	\$ (1,500.00)
Office supplies, Postage	\$ 125.00	\$ -	\$ -	\$ -	\$ 62.50	\$ (62.50)
Books, publications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 250.00	\$ -	\$ -	\$ -	\$ 125.00	\$ (125.00)
Total Holy Synod	\$ 67,975.00	\$ 16,903.22	\$ 29,457.35	\$ 46,360.57	\$ 33,987.50	\$ 12,373.07
Metropolitan Council						
Travel and Meetings - MC	\$ 38,700.00	\$ 1,714.61	\$ 23,959.91	\$ 25,674.52	\$ 19,350.00	\$ 6,324.52
Internal Audit - Travel, Lodging and Meals, Supplies	\$ 11,000.00	\$ 324.97	\$ -	\$ 324.97	\$ 5,500.00	\$ (5,175.03)
	\$ 49,700.00	\$ 2,039.58	\$ 23,959.91	\$ 25,999.49	\$ 24,850.00	\$ 1,149.49

	FINAL Budget 2011	Actual Q1 2011	Actual Q2 2011	Actual Thru 6/30/2011	Budget 6/30/2011	Variance to Budget
Property Support						
Salaries	\$ 46,350.00	\$ 11,587.50	\$ 11,587.50	\$ 23,175.00	\$ 23,175.00	\$ -
Payroll Taxes	\$ 3,600.00	\$ 886.41	\$ 886.47	\$ 1,772.88	\$ 1,800.00	\$ (27.12)
Lawn/Grounds Upkeep	\$ 30,000.00	\$ 7,725.00	\$ 5,575.00	\$ 13,300.00	\$ 15,000.00	\$ (1,700.00)
Benefits(Medical, Unemployment, Pension)	\$ 22,400.00	\$ 2,814.81	\$ 9,731.87	\$ 12,546.68	\$ 11,200.00	\$ 1,346.68
Insurance	\$ 27,500.00	\$ 7,057.53	\$ 7,135.00	\$ 14,192.53	\$ 13,750.00	\$ 442.53
Depreciation	\$ 27,700.00	\$ 3,323.75	\$ 3,323.75	\$ 6,647.50	\$ 13,850.00	\$ (7,202.50)
Town Services Fee	\$ 21,000.00	\$ -	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ -
Auto expense	\$ 8,550.00	\$ 1,054.07	\$ 1,972.53	\$ 3,026.60	\$ 4,275.00	\$ (1,248.40)
Electricity	\$ 14,500.00	\$ 3,590.23	\$ 2,419.15	\$ 6,009.38	\$ 7,250.00	\$ (1,240.62)
Heating oil	\$ 6,750.00	\$ 7,844.84	\$ 1,925.26	\$ 9,770.10	\$ 3,375.00	\$ 6,395.10
Equipment Repairs and Rental	\$ 250.00	\$ -	\$ 2,671.00	\$ 2,671.00	\$ 125.00	\$ 2,546.00
Garbage removal	\$ 2,000.00	\$ 479.16	\$ 479.16	\$ 958.32	\$ 1,000.00	\$ (41.68)
General repairs	\$ 65,000.00	\$ -	\$ -	\$ -	\$ 32,500.00	\$ (32,500.00)
Janitorial	\$ -	\$ 257.75	\$ -	\$ 257.75	\$ -	\$ 257.75
Outside contractors	\$ 250.00	\$ -	\$ -	\$ -	\$ 125.00	\$ (125.00)
Gas & Water	\$ 1,000.00	\$ -	\$ 843.63	\$ 843.63	\$ 500.00	\$ 343.63
Travel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cable	\$ 600.00	\$ 408.20	\$ 27.95	\$ 436.15	\$ 300.00	\$ 136.15
Other	\$ -	\$ 91.46	\$ 452.64	\$ 544.10	\$ -	\$ 544.10
Total Property Support	\$ 277,450.00	\$ 47,120.71	\$ 59,530.91	\$ 106,651.62	\$ 138,725.00	\$ (32,073.38)
Department of Communications and Ministries						
Salaries - Communications	\$ 19,158.00	\$ 4,789.50	\$ 5,710.50	\$ 10,500.00	\$ 9,579.00	\$ 921.00
Clergy Housing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Printing, copying and postage "TOC"	\$ 61,120.00	\$ 13,912.34	\$ -	\$ 13,912.34	\$ 30,560.00	\$ (16,647.66)
The Orthodox Church - Salaries	\$ 56,613.00	\$ 14,153.16	\$ 14,153.16	\$ 28,306.32	\$ 28,306.50	\$ (0.18)
Benefits(Medical, Unemployment, Pension)-Commun	\$ 7,900.00	\$ 1,406.67	\$ 6,310.36	\$ 7,717.03	\$ 3,950.00	\$ 3,767.03
Contract web master	\$ 21,900.00	\$ 7,315.34	\$ 10,442.02	\$ 17,757.36	\$ 10,950.00	\$ 6,807.36
Website hosting and maintenance	\$ 600.00	\$ 146.24	\$ 887.10	\$ 1,033.34	\$ 300.00	\$ 733.34
Benefits(Medical, Unemployment, Pension)-TOC	\$ 3,700.00	\$ 1,258.26	\$ 865.17	\$ 2,123.43	\$ 1,850.00	\$ 273.43
Internet/Telephone	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel & Parking	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office supplies & postage	\$ -	\$ 725.77	\$ (725.77)	\$ -	\$ -	\$ -
Equipment rental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Department of Communications and Ministries	\$ 170,991.00	\$ 43,707.28	\$ 37,642.54	\$ 81,349.82	\$ 85,495.50	\$ (4,145.68)
Department of External Affairs						
Salaries - External Affairs	\$ 35,300.00	\$ 8,823.24	\$ 8,823.24	\$ 17,646.48	\$ 17,650.00	\$ (3.52)
Payroll Taxes - External Affairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St. Catherines - Salaries	\$ 28,500.00	\$ 7,110.18	\$ 7,110.18	\$ 14,220.36	\$ 14,250.00	\$ (29.64)
Payroll Taxes -St Catherines	\$ 2,200.00	\$ 235.82	\$ 39.48	\$ 275.30	\$ 1,100.00	\$ (824.70)
Interchurch travel	\$ 20,000.00	\$ 2,933.81	\$ 3,572.62	\$ 6,506.43	\$ 10,000.00	\$ (3,493.57)
St. Catherines - Benefits(Medical, Unempl, Pension)	\$ 14,200.00	\$ 2,758.66	\$ 3,905.99	\$ 6,664.65	\$ 7,100.00	\$ (435.35)
St. Catherines - Travel	\$ 2,000.00	\$ 1,510.82	\$ 1,265.98	\$ 2,776.80	\$ 1,000.00	\$ 1,776.80
Telephone & office expense	\$ 7,750.00	\$ 1,847.16	\$ 2,809.52	\$ 4,656.68	\$ 3,875.00	\$ 781.68
Benefits - External Affairs(Medical, Unempl, Pension)	\$ 2,400.00	\$ 791.30	\$ 531.72	\$ 1,323.02	\$ 1,200.00	\$ 123.02
Bank Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cable, Postage & Parking	\$ 400.00	\$ 35.00	\$ 35.99	\$ 70.99	\$ 200.00	\$ (129.01)
Episcopal Assembly	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other interchurch organizations	\$ 12,000.00	\$ 375.00	\$ 5,000.00	\$ 5,375.00	\$ 6,000.00	\$ (625.00)
Total Department of External Affairs	\$ 124,750.00	\$ 26,420.99	\$ 33,094.72	\$ 59,515.71	\$ 62,375.00	\$ (2,859.29)
Department of History and Archives						
Salaries	\$ 61,014.00	\$ 15,909.55	\$ 17,994.99	\$ 33,904.54	\$ 30,507.00	\$ 3,397.54
Payroll Taxes	\$ 4,700.00	\$ 1,214.77	\$ 1,215.36	\$ 2,430.13	\$ 2,350.00	\$ 80.13
Benefits(Medical, Unemployment, Pension)	\$ 27,600.00	\$ 3,123.70	\$ 10,023.31	\$ 13,147.01	\$ 13,800.00	\$ (652.99)
Supplies	\$ 1,500.00	\$ -	\$ 65.00	\$ 65.00	\$ 750.00	\$ (685.00)
Total Department of History and Archives	\$ 94,814.00	\$ 20,248.02	\$ 29,298.66	\$ 49,546.68	\$ 47,407.00	\$ 2,139.68
Transfer to Charities Reservee	\$ 10,000.00	\$ -	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ -
Transfer to Deferred Maintenance Reserve	\$ 10,000.00	\$ -	\$ -	\$ -	\$ 5,000.00	\$ (5,000.00)
Transfer to Legal Reserve	\$ 15,000.00	\$ -	\$ 7,500.00	\$ 7,500.00	\$ 7,500.00	\$ -
Transfer to Automobile Replacement Reserve	\$ 5,000.00	\$ -	\$ -	\$ -	\$ 2,500.00	\$ (2,500.00)
Theological Education	\$ -	\$ 1,164.45	\$ -	\$ 1,164.45	\$ -	\$ 1,164.45
St Sergius Chapel	\$ 8,000.00	\$ 2,941.00	\$ 12,210.54	\$ 15,151.54	\$ 4,000.00	\$ 11,151.54
Ordination Candidate Psychological Testing	\$ 15,000.00	\$ -	\$ -	\$ -	\$ 7,500.00	\$ (7,500.00)
Transfer to Church Planting Grants Reserve	\$ 35,000.00	\$ -	\$ -	\$ -	\$ 17,500.00	\$ (17,500.00)
Repayment of 9/11 Funds to the Restricted Endowme	\$ 25,000.00	\$ -	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ -
Policies and Procedures Regarding Sexual Miscondu	\$ 7,000.00	\$ 377.50	\$ 3,324.06	\$ 3,701.56	\$ 3,500.00	\$ 201.56
Strategic Planning	\$ 33,000.00	\$ 90.00	\$ -	\$ 90.00	\$ 16,500.00	\$ (16,410.00)

	FINAL Budget 2011	Actual Q1 2011	Actual Q2 2011	Actual Thru 6/30/2011	Budget 6/30/2011	Variance to Budget
TOTAL OPERATING EXPENSES	\$ 2,113,890.00	\$ 448,161.24	\$ 581,367.19	\$ 1,029,528.43	\$ 1,056,945.00	\$ (27,416.57)
NET OPERATING SURPLUS(DEFICIT)	\$ 277,610.00	\$ 134,827.29	\$ 6,253.28	\$ 141,080.57	\$ 138,805.00	\$ 2,275.57
FOS Income & Expenses						
FOS Individual Membership	\$ 50,000.00	\$ 4,901.80	\$ 3,069.30	\$ 7,971.10	\$ 25,000.00	\$ (17,028.90)
Diaconal Vocations Revenue	\$ -	\$ 3,125.00	\$ 375.00	\$ 3,500.00	\$ -	\$ 3,500.00
Youth Conference Revenues	\$ 20,000.00	\$ -	\$ -	\$ -	\$ 5,000.00	\$ (5,000.00)
Dividends & Interest(net of investment fees)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total FOS Income	\$ 70,000.00	\$ 8,026.80	\$ 3,444.30	\$ 11,471.10	\$ 30,000.00	\$ (18,528.90)
FOS Expenses						
Ministries Conference	\$ 20,000.00	\$ -	\$ -	\$ -	\$ 5,000.00	\$ (5,000.00)
FOS Printing and Mailing Expense	\$ 15,000.00	\$ -	\$ -	\$ -	\$ 7,500.00	\$ (7,500.00)
TOTAL FOS Expense	\$ 35,000.00	\$ -	\$ -	\$ -	\$ 12,500.00	\$ (12,500.00)
Net FOS Income(Deficit)	\$ 35,000.00	\$ 8,026.80	\$ 3,444.30	\$ 11,471.10	\$ 17,500.00	\$ (6,028.90)
Departmental Expenses						
Department of Institutional Chaplaincy	\$ 12,200.00	\$ 1,000.00	\$ 2,000.00	\$ 3,000.00	\$ 6,100.00	\$ (3,100.00)
Department of Evangelization	\$ 12,000.00	\$ -	\$ -	\$ -	\$ 6,000.00	\$ (6,000.00)
Department of Liturgical Music & Translations	\$ 23,550.00	\$ 2,670.00	\$ 1,500.00	\$ 4,170.00	\$ 11,775.00	\$ (7,605.00)
Department of Pastoral Life & Vocational Development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Department of Christian Education	\$ 25,000.00	\$ 1,500.00	\$ 5,107.40	\$ 6,607.40	\$ 12,500.00	\$ (5,892.60)
Department of Youth and Young Adults	\$ 19,000.00	\$ 4,952.18	\$ 5,171.02	\$ 10,123.20	\$ 9,500.00	\$ 623.20
Diaconal Vocations Program	\$ 12,000.00	\$ 3,774.80	\$ 3,000.00	\$ 6,774.80	\$ 6,000.00	\$ 774.80
Department of Christian Service	\$ 10,000.00	\$ 1,500.00	\$ 3,610.35	\$ 5,110.35	\$ 5,000.00	\$ 110.35
Total Departmental Expenses	\$ 113,750.00	\$ 15,396.98	\$ 20,388.77	\$ 35,785.75	\$ 56,875.00	\$ (21,089.25)
HONESDALE LOAN PRINCIPAL PAYMENTS	\$ 111,600.00	\$ 27,343.18	\$ 27,462.56	\$ 54,805.74	\$ 55,800.00	\$ (994.26)
Total Net Income(Deficit)	\$ 87,260.00	\$ 100,113.93	\$ (38,153.75)	\$ 61,960.18	\$ 43,630.00	\$ 18,330.18
Extraordinary Items:						
- Acting Chancellor Travel, Extra MC Travel Expenses	\$ (30,000.00)	\$ (2,591.00)	\$ (8,220.79)	\$ (10,811.79)	\$ (15,000.00)	\$ 4,188.21
Total Net Income(Deficit)	\$ 57,260.00	\$ 97,522.93	\$ (46,374.54)	\$ 51,148.39	\$ 28,630.00	\$ 22,518.39
Unrestricted Funds:						
Net Operating Surplus/(Deficit)	\$ 57,260.00	\$ 97,522.93	\$ (46,374.54)	\$ 51,148.39	\$ 28,630.00	\$ 22,518.39
Add Back Non-Cash Items (Depreciation & Amort)	\$ 32,070.00	\$ 4,419.75	\$ 4,419.75	\$ 8,839.50	\$ 16,035.00	\$ (7,195.50)
Add Back Transfers (Not P&L Items)	\$ -	\$ -	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ -
Add Back Mortgage Principal Payment	\$ 111,600.00	\$ 27,343.18	\$ 27,462.56	\$ 54,805.74	\$ 55,800.00	\$ (994.26)
Total Operating Surplus/(Deficit) - Unrestricted	\$ 200,930.00	\$ 129,285.86	\$ (1,992.23)	\$ 127,293.63	\$ 112,965.00	\$ 14,328.63
Temporarily Restricted Funds:						
Revenues:						
- Charity	\$ 10,000.00	\$ 1,862.00	\$ 25.00	\$ 1,887.00	\$ 5,000.00	\$ (3,113.00)
- Missions & Church Planting Grants	\$ 25,000.00	\$ 2,251.00	\$ 1,052.00	\$ 3,303.00	\$ 12,500.00	\$ (9,197.00)
- Youth Ministry Bequest	\$ -	\$ -	\$ 110,411.95	\$ 110,411.95	\$ -	\$ 110,411.95
- Seminary	\$ -	\$ 500.00	\$ 1,189.00	\$ 1,689.00	\$ -	\$ 1,689.00
- North America Saints Project	\$ -	\$ 10,000.00	\$ -	\$ 10,000.00	\$ -	\$ 10,000.00
- Kavalenko Trust	\$ 5,000.00	\$ 2,474.15	\$ 1,488.03	\$ 3,962.18	\$ 2,500.00	\$ 1,462.18
- McGuire Trust	\$ 8,000.00	\$ 199.26	\$ 1,562.18	\$ 1,761.44	\$ 4,000.00	\$ (2,238.56)
- Rotko Trust	\$ 2,500.00	\$ (89.63)	\$ 0.40	\$ (89.23)	\$ 1,250.00	\$ (1,339.23)
- York Trust	\$ 6,000.00	\$ (110.48)	\$ 1,480.80	\$ 1,370.32	\$ 3,000.00	\$ (1,629.68)
- All American Council	\$ 240,000.00	\$ 148,016.00	\$ 71,635.00	\$ 219,651.00	\$ 120,000.00	\$ 99,651.00
- Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Temporarily Restricted Revenues	\$ 296,500.00	\$ 165,102.30	\$ 188,844.36	\$ 353,946.66	\$ 148,250.00	\$ 205,696.66
Expenses:						
- Charity	\$ 10,000.00	\$ 8,500.00	\$ (2,465.00)	\$ 6,035.00	\$ 5,000.00	\$ 1,035.00
- Missions	\$ 40,000.00	\$ 9,000.00	\$ 9,000.00	\$ 18,000.00	\$ 20,000.00	\$ (2,000.00)
- Church Planting Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
- Seminary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
- Publications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
- Kavalenko Trust	\$ 4,610.00	\$ 1,151.07	\$ 1,091.68	\$ 2,242.75	\$ 2,305.00	\$ (62.25)
- McGuire Trust	\$ 3,993.00	\$ 1,249.50	\$ 437.29	\$ 1,686.79	\$ 1,996.50	\$ (309.71)

	FINAL Budget 2011	Actual Q1 2011	Actual Q2 2011	Actual Thru 6/30/2011	Budget 6/30/2011	Variance to Budget
- Rotko Trust	\$ 1,952.00	\$ 325.00	\$ -	\$ 325.00	\$ 976.00	\$ (651.00)
- York Trust	\$ 77,232.00	\$ 19,470.48	\$ 19,145.48	\$ 38,615.96	\$ 38,616.00	\$ (0.04)
- All American Council (including PCC)	\$ 251,100.00	\$ 5,962.59	\$ 10,382.37	\$ 16,344.96	\$ 125,550.00	\$ (109,205.04)
- Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Temporarily Restricted Disbursements	\$ 388,887.00	\$ 45,658.64	\$ 37,591.82	\$ 83,250.46	\$ 194,443.50	\$ (111,193.04)
Net Temporarily Restricted Surplus/(Deficit)	\$ (92,387.00)	\$ 119,443.66	\$ 151,252.54	\$ 270,696.20	\$ (46,193.50)	\$ 316,889.70
Permanently Restricted Funds:						
Revenue:						
- St Andrew's Endowment	\$ 1,000.00	\$ 215.92	\$ 170.67	\$ 386.59	\$ 500.00	\$ (113.41)
- Main Endowment	\$ 4,000.00	\$ 927.27	\$ 1,360.37	\$ 2,287.64	\$ 2,000.00	\$ 287.64
- FOS Endowment	\$ 500.00	\$ 135.77	\$ 113.32	\$ 249.09	\$ 250.00	\$ (0.91)
Total Revenues	\$ 5,500.00	\$ 1,278.96	\$ 1,644.36	\$ 2,923.32	\$ 2,750.00	\$ 173.32
Funds Released:						
- St Andrew's Endowment	\$ 1,000.00	\$ 143.71	\$ 364.37	\$ 508.08	\$ 500.00	\$ 8.08
- Main Endowment	\$ 3,000.00	\$ 660.06	\$ 1,021.72	\$ 1,681.78	\$ 1,500.00	\$ 181.78
- FOS Endowment	\$ 600.00	\$ 96.27	\$ 236.90	\$ 333.17	\$ 300.00	\$ 33.17
Total Funds Released	\$ 4,600.00	\$ 900.04	\$ 1,622.99	\$ 2,523.03	\$ 2,300.00	\$ 223.03
Net Permanently Restricted Surplus/(Deficit)	\$ 900.00	\$ 378.92	\$ 21.37	\$ 400.29	\$ 450.00	\$ (49.71)
Total Change in Net Assets	\$ 109,443.00	\$ 244,688.69	\$ 144,861.93	\$ 389,550.62	\$ 51,186.50	\$ 338,364.12

Orthodox Church in America
Comparative Balance Sheets
As of December 31, 2010 and December 31, 2009
(audited numbers)

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
ASSETS		
Current Assets		
<i>Unrestricted</i>		
Commerce Checking- Operating	\$ 86,867.11	\$ 66,263.03
Commerce Checking- Operating - due to Restricted	\$ -	\$ -
Commerce Bank- Payroll	1,553.14	410.69
Astoria Bank- St.Sergius Chapel	32,504.09	22,428.08
Honesdale Bank Checking	15,700.71	15,700.71
Keybank OCPC	0.00	4,054.58
Petty Cash- Chancery Office	1,200.00	1,200.00
	<u>137,825.05</u>	<u>110,057.09</u>
<i>Temporarily Restricted</i>		
Commerce Bank- 15th All American Council	1,342.21	1,592.21
Commerce Bank - Restricted	64,114.92	14,183.13
Commerce Bank- Reserved	39,307.10	14,299.03
Honesdale Bank Money Market	222,216.18	220,630.52
Honesdale Bank Money Market -due from Operating	0.00	0.00
	<u>326,980.41</u>	<u>250,704.89</u>
Total Cash	464,805.46	360,761.98
Accounts Receivable		
Accounts Receivable	4,923.60	30.00
Assessments Receivable	114,084.62	66,908.15
Pledges Receivable	0.00	10,000.00
Desk Calendar Receivable	25.00	90.00
Total Accounts Receivable	<u>119,033.22</u>	<u>77,028.15</u>
Other Current Assets		
OCPC Stock Inventory	0.00	0.00
Due from OCA Pension Dept	11,618.04	7,271.91
Due from Wash/NY for Salary Reimbursements	0.00	14,568.42
Notes Receivable	17,282.80	18,632.80
Prepaid Expense	13,017.28	7,504.00
A/R Employee Assistance Program	0.00	0.00
Due from Employees	2,117.29	0.00
Total Other Current Assets	<u>44,035.41</u>	<u>47,977.13</u>
Total Current Assets	627,874.09	485,767.26
Fixed Assets		
Plant Fund Building & Improve	531,783.27	531,783.27
Plant Fund Furniture & Equip	50,847.18	50,847.18
Plant Fund Auto & Garden Equip	64,423.10	64,423.10
Plant Fund Computer Equip	314,980.72	306,622.20
Plant Fund Software	3,000.00	3,000.00
Plant Fund Chapel Equip & Furn	25,000.00	25,000.00
Plant Fund Capitalized Closing	87,681.59	87,681.59
Accum Deprec Bld & Improvements	-288,412.07	-275,117.07
Accum Deprec Furn & Equip	-50,847.11	-50,050.11
Accum Deprec Auto & Garden Equi	-64,422.93	-52,078.93

Orthodox Church in America
Comparative Balance Sheets
As of December 31, 2010 and December 31, 2009
(audited numbers)

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Accum Deprec Computer Equip	-308,015.00	-306,621.91
Accum Deprec Computer Software	-3,000.00	-2,000.00
Accum Deprec Chapel Equip & Fur	-25,000.00	-24,750.00
Accum Amort Capital Close Cost	-18,632.00	-14,248.00
Total Fixed Assets	<u>319,386.75</u>	<u>344,491.32</u>
Restricted Investments and Trusts		
Fellowship of Orthodox Stewards	67,731.32	67,661.82
A & B York Trust	220,647.96	293,374.23
J McGuire Trust	210,142.14	208,210.94
Kavalenko Nimerut	74,747.82	69,447.42
St. Andrew's	101,107.84	100,832.37
Antonia Rotko	138,104.82	137,654.29
Honesdale Main Endowment	464,379.92	461,268.92
HVIZD Annuity	101,443.37	107,103.10
Other Investments	0.00	0.00
	<u>1,378,305.19</u>	<u>1,445,553.09</u>
Total Restricted Investments and Trusts	1,378,305.19	1,445,553.09
TOTAL ASSETS	<u><u>\$ 2,325,566.03</u></u>	<u><u>\$ 2,275,811.67</u></u>
LIABILITIES & EQUITY		
Current Liabilities		
Accounts payable and accrued Expenses	61,659.38	350,841.23
Pension and other benefits	0.00	4,212.80
Auto loan - Ford Motor Credit	13,304.19	19,547.12
Accrued endowment distributions	20,930.89	0.00
Other	326.38	326.38
Current portion of Long term debt	111,905.47	103,246.42
Total Current Liabilities	<u>208,126.31</u>	<u>478,173.95</u>
Long Term Liabilities		
Deferred Compensation and annuities		
Deferred revenue	7,447.00	0.00
Hvizd Annuity liability	93,330.03	98,989.76
Unitrust liability	135,204.00	145,694.00
York trust liability	220,348.10	293,074.37
Total Deferred compensation and annuities	<u>456,329.13</u>	<u>537,758.13</u>
Honesdal National Bank, Long term portion	677,468.53	789,374.00
Total Liabilities	\$ 1,341,923.97	\$ 1,805,306.08
Equity		
Net Assets	\$ 470,505.59	\$ 488,880.60
Current Year Activity	\$ 513,136.47	\$ (18,375.01)
Total Net Assets	<u>983,642.06</u>	<u>\$ 470,505.59</u>
Total Equity	\$ 983,642.06	\$ 470,505.59
TOTAL LIABILITIES & EQUITY	<u><u>\$ 2,325,566.03</u></u>	<u><u>\$ 2,275,811.67</u></u>

Orthodox Church in America
Profit & Loss Prev Year Comparison
January through December 2010

	Jan - Dec 10	Jan - Dec 09	\$ Change	% Change
Ordinary Income/Expense				
Income				
4340 · Direct Public Support	\$ 7,141.55	\$ 52,917.98	\$ (45,776.43)	-86.5%
4350 · Appeals	\$ 108,240.72	\$ 177,567.80	\$ (69,327.08)	-39.04%
4500 · Investments	\$ 8,523.81	\$ 10,278.75	\$ (1,754.94)	-17.07%
4640 · Other Types of Income	\$ 33,017.40	\$ 65,833.26	\$ (32,815.86)	-49.85%
4720 · Program Income	\$ 2,404,988.94	\$ 2,451,579.85	\$ (46,590.91)	-1.9%
4730 · Refunds	\$ -	\$ 7,811.28	\$ (7,811.28)	-100.0%
4900 · Special Events Income	\$ 19,539.06	\$ -	\$ 19,539.06	100.0%
49900 · Uncategorized Income	\$ -	\$ 23.10	\$ (23.10)	-100.0%
Total Income	\$ 2,581,451.48	\$ 2,766,012.02	\$ (184,560.54)	-6.67%
Cost of Goods Sold				
5070 · Cost of Sales - Inventor	\$ -	\$ 23,707.79	\$ (23,707.79)	-100.0%
Total COGS	\$ -	\$ 23,707.79	\$ (23,707.79)	-100.0%
Gross Profit	\$ 2,581,451.48	\$ 2,742,304.23	\$ (160,852.75)	-5.87%
Expense				
6050 · Distributions	\$ 55,477.99	\$ 184,740.48	\$ (129,262.49)	-69.97%
6090 · Business Expenses	\$ 32,991.32	\$ 7,119.98	\$ 25,871.34	363.36%
6100 · Office expense	\$ 25,658.13	\$ 45,063.52	\$ (19,405.39)	-43.06%
6210 · Contract Services	\$ 285,095.77	\$ 635,308.46	\$ (350,212.69)	-55.13%
6217 · Investment Advisory fe.	\$ 299.56	\$ -	\$ 299.56	100.0%
6250 · Program Expense	\$ 957.21	\$ 1,085.80	\$ (128.59)	-11.84%
6270 · Facility Expense	\$ 93,525.30	\$ 119,870.15	\$ (26,344.85)	-21.98%
6280 · Facilities and Equipmen	\$ 48,110.43	\$ 115,165.61	\$ (67,055.18)	-58.23%
6290 · Repairs expense	\$ 10,668.30	\$ 575.00	\$ 10,093.30	1,755.36%
6500 · Operations	\$ 62,454.58	\$ 173,130.34	\$ (110,675.76)	-63.93%
6507 · Equipment leasing	\$ 25,454.83	\$ 23,989.28	\$ 1,465.55	6.11%
6510 · Other Types of Expens	\$ 8,475.41	\$ 10,371.03	\$ (1,895.62)	-18.28%
6600 · Salaries	\$ 782,505.04	\$ 783,820.48	\$ (1,315.44)	-0.17%
6605 · Payroll Expense	\$ 37,329.00	\$ 35,447.27	\$ 1,881.73	5.31%
6610 · Health Insurance	\$ 156,933.43	\$ 147,836.25	\$ 9,097.18	6.15%
6620 · Life/EAP Insurance	\$ 700.00	\$ (714.89)	\$ 1,414.89	-197.92%
6640 · Workers Compensator	\$ 8,746.20	\$ 10,556.00	\$ (1,809.80)	-17.15%
6650 · Stipends	\$ 42,850.00	\$ 75,700.00	\$ (32,850.00)	-43.4%
6670 · Computer expense	\$ 7,649.80	\$ 11,860.27	\$ (4,210.47)	-35.5%
6671 · Computer software exp	\$ 515.91	\$ -	\$ 515.91	100.0%
6680 · Pension expense	\$ 46,958.53	\$ 51,065.36	\$ (4,106.83)	-8.04%
6700 · Utilities	\$ 24,603.11	\$ 27,986.17	\$ (3,383.06)	-12.09%
6720 · Telephone	\$ 19,162.87	\$ 37,266.85	\$ (18,103.98)	-48.58%
6730 · Network/Computing	\$ 2,412.50	\$ 6,550.00	\$ (4,137.50)	-63.17%
6750 · Insurance	\$ 27,024.44	\$ 22,583.04	\$ 4,441.40	19.67%
6800 · Internal Services	\$ 138.46	\$ -	\$ 138.46	100.0%
6830 · Travel and Meetings	\$ 217,995.94	\$ 214,057.26	\$ 3,938.68	1.84%
6900 · Automobile	\$ 11,628.90	\$ 16,882.56	\$ (5,253.66)	-31.12%
6910 · Other administrative ex	\$ 9,540.51	\$ 26,601.80	\$ (17,061.29)	-64.14%
6990 · Depreciation expense	\$ 14,539.54	\$ (33,877.00)	\$ 48,416.54	-142.92%
6995 · Amortization expense	\$ 4,384.00	\$ 4,384.00	\$ -	0.0%
7500 · Change in value of unit	\$ 4,058.76	\$ 11,524.31	\$ (7,465.55)	-64.78%
Total Expense	\$ 2,068,845.77	\$ 2,765,949.38	\$ (697,103.61)	-25.2%
Net Ordinary Income	\$ 512,605.71	\$ (23,645.15)	\$ 536,250.86	-2,267.91%
Other Income/Expense				
Other Income				
7040 · Other Changes In Net A	\$ -	\$ 6,193.63	\$ (6,193.63)	-100.0%
7060 · Unrealized Gains and L	\$ 530.76	\$ (923.49)	\$ 1,454.25	-157.47%
Total Other Income	\$ 530.76	\$ 5,270.14	\$ (4,739.38)	-89.93%
Net Other Income	\$ 530.76	\$ 5,270.14	\$ (4,739.38)	-89.93%
Net Income	\$ 513,136.47	\$ (18,375.01)	\$ 531,511.48	-2,892.58%

The Orthodox Church in America

Financial Statements

and

Auditor's Report

Year Ended December 31, 2009

The Orthodox Church in America

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Lambrides

LAMOS, TAYLOR LLP
Certified Public Accountants and Consultants

To the Metropolitan Council
The Orthodox Church in America

Independent Auditor's Report

We have audited the accompanying statement of financial position of The Orthodox Church in America (the Church) December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of the Church. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the organization's December 31, 2008 combined financial statements and, in our report dated March 4, 2010, we expressed a qualified opinion on those financial statements.

Except as discussed in the following paragraphs, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because of the inadequacy of accounting records regarding the utilization of temporarily restricted net assets for the years prior to 2009, we were unable to form an opinion regarding the beginning and ending balances of unrestricted, temporarily restricted, and permanently restricted net assets at December 31, 2009. We were unable to satisfy ourselves regarding the balances of net assets in each classification at that date by means of other auditing procedures.

As discussed in Note 15 to the financial statements, net assets have not been classified in accordance with SFAS 117 as unrestricted, temporarily restricted, or permanently restricted net assets based on the absence or existence and type of donor-imposed restrictions. In our opinion, net assets should be classified by donor restriction to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of that departure are not reasonably determinable.

We were also unable to obtain documentation verifying ownership of Alaskan properties which may be held by the Church, and we were, therefore, unable to form an opinion regarding the amounts at which fixed assets and accumulated depreciation are recorded at December 31, 2009.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to apply adequate procedures to beginning and ending net assets as discussed in the third paragraph, and except for the effects of the matter discussed in the fourth paragraph, and except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to apply adequate procedures to fixed assets as discussed in the fifth paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position Orthodox Church in America as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lambrides, Lamos, Taylor LLP

September 23, 2010

The Orthodox Church in America
Statement of Financial Position
December 31, 2009
With Comparative Figures at December 31, 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 360,761	\$ 430,904
Assessments and other accounts receivable	88,868	50,600
Note receivable	18,633	27,876
Bequest receivable	10,000	10,000
Prepays	6,677	
Inventory		23,708
Capitalized mortgage closing costs	73,434	77,818
Investments:		
Endowment fund pool	462,098	559,422
St. Andrew endowment fund	100,832	100,102
FOS endowment fund	67,662	67,235
Annuity and unitrust agreements	815,790	913,810
Land, buildings and equipment (net of accumulated depreciation)	<u>271,057</u>	<u>319,224</u>
 Total assets	 <u>\$2,275,812</u>	 <u>\$2,580,699</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 355,380	\$ 193,360
Loans payable	912,168	1,015,761
Annuity and unitrust agreements	<u>537,758</u>	<u>624,254</u>
 Total liabilities	 1,805,306	 1,833,375
Net assets:		
Total net assets	<u>470,506</u>	<u>747,324</u>
 Total liabilities and net assets	 <u>\$2,275,812</u>	 <u>\$2,580,699</u>

See notes to financial statements.

The Orthodox Church in America
Statement of Activities
Year Ended December 31, 2009
With Summarized Comparative Figures for the Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Totals	2008 Totals
Support and revenue:					
Contributions:					
Fellowship of Orthodox Stewards	\$ 75,274	\$ 60,430		\$ 135,704	\$ 23,221
Charity		10,567		10,567	44,044
Missions		38,975		38,975	50,703
Seminary		2,239		2,239	53,101
General contributions	45,815			45,815	40,473
Other restricted		560		560	6,050
Total contributions	<u>121,089</u>	<u>112,771</u>		<u>233,860</u>	<u>217,592</u>
Revenue:					
Assessments	2,447,061	6,649		2,453,710	2,781,247
Publications (net of cost of goods sold)	12,053			12,053	37,343
Miscellaneous	31,354			31,354	63,032
Total revenue	<u>2,490,468</u>	<u>6,649</u>		<u>2,497,117</u>	<u>2,881,622</u>
Total support and revenue before net assets released from restrictions	2,611,557	119,420		2,730,977	3,099,214
Net assets released from restrictions	<u>174,258</u>	<u>(174,258)</u>			
Total support, revenue and releases	<u>2,785,815</u>	<u>(54,838)</u>		<u>2,730,977</u>	<u>3,099,214</u>
Expenses:					
Program services	<u>1,067,108</u>			<u>1,067,108</u>	<u>1,686,421</u>
Supporting services:					
General administrative	1,002,357			1,002,357	1,491,128
Development	<u>175,727</u>			<u>175,727</u>	<u>234,779</u>
Total supporting services	<u>1,178,084</u>			<u>1,178,084</u>	<u>1,725,907</u>
Total expenses	<u>2,245,192</u>			<u>2,245,192</u>	<u>3,412,328</u>
Change in net assets from operations	540,623	(54,838)		485,785	(313,114)
Other changes:					
Depreciation	(48,166)			(48,166)	(54,698)
Amortization of closing costs	(4,384)			(4,384)	(4,384)
Net investment income	3,731	2,267		5,998	(474,565)
Change in actuarial value of unitrusts		(2,563)	\$ (9,861)	(12,424)	(192,937)
Settlement of litigation	(250,000)			(250,000)	
Professional fees - legal	<u>(453,627)</u>			<u>(453,627)</u>	<u>(220,017)</u>
Change in net assets after other changes	(211,823)	(55,134)	(9,861)	(276,818)	(1,259,715)
Net assets at beginning of year				<u>747,324</u>	<u>2,007,039</u>
Net assets at end of year				<u>\$ 470,506</u>	<u>\$ 747,324</u>

See notes to financial statements.

The Orthodox Church in America
Statement of Cash Flows
Year Ended December 31, 2009
With Comparative Figures for the Year Ended December 31, 2008

	2009	2008
Cash flows from operating activities:		
Change in net assets	\$ (276,818)	\$ (1,259,715)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	48,166	54,698
Amortization of mortgage closing costs	4,384	4,384
Net realized and unrealized loss on investments	923	503,223
Change in actuarial valuation of annuities and unitrusts	12,424	192,937
(Increase) decrease in:		
Assessments and other accounts receivable	(38,268)	220,674
Note receivable	9,243	9,494
Prepays	(6,677)	5,169
Inventory	23,708	
Bequest receivable		(10,000)
Decrease in:		
Accounts payable and accrued expenses	162,020	(24,659)
Deferred compensation		(66,158)
Net cash used by operating activities	<u>(60,895)</u>	<u>(369,953)</u>
Cash flows from investing activities:		
Purchase of vehicle		(5,167)
Purchase of equipment		(3,000)
Purchase of investments	(590,012)	(1,433,212)
Proceeds from sale of investments	<u>684,357</u>	<u>1,674,989</u>
Net cash provided by investing activities	<u>94,345</u>	<u>233,610</u>
Cash flows from financing activities:		
Repayment of principal	<u>(103,593)</u>	<u>(112,450)</u>
Net cash used by financing activities	<u>(103,593)</u>	<u>(112,450)</u>
Net decrease in cash	(70,143)	(248,793)
Cash at beginning of year	<u>430,904</u>	<u>679,697</u>
Cash at end of year	<u>\$ 360,761</u>	<u>\$ 430,904</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest expense	<u>\$ 76,773</u>	<u>\$ 84,978</u>
Acquisition of vehicle		
Cost of vehicle		\$ 36,485
Vehicle loan		<u>(31,318)</u>
Cash down payment for vehicle		<u>\$ 5,167</u>

See notes to financial statements.

The Orthodox Church in America
Notes to the Financial Statements
December 31, 2009

1. Organization and Purpose:

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 Orthodox Church in America 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 Orthodox Church in America 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 Orthodox Church in America 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.

2. Summary of Significant Accounting Policies:

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

a. Accrual Basis Financial Statements

The accompanying financial statements have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America and in accordance with the principles of not-for-profit accounting.

b. Net Assets

The net assets of the Church and changes therein are classified and reported as follows:

- Unrestricted net assets include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the organization to utilize funds in furtherance of its mission.
- Temporarily restricted net assets carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. 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.

The Orthodox Church in America
Notes to the Financial Statements
December 31, 2009

2. Summary of Significant Accounting Policies: (Continued)

- Permanently restricted net assets are those that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be permanently retained. 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.

c. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to 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. At December 31, 2009, there is no allowance.

d. Contributions

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give (pledges). Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Contributions of property, buildings and equipment without donor stipulation concerning the use of such long-lived assets are reported as revenues of the unrestricted net assets. Contributions of cash or other assets to be used to acquire property, plant and equipment are reported as revenue of the temporarily restricted net assets; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

e. Cash and Cash Equivalents

Cash and cash equivalents include all cash on hand and in banks. The Church also considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

f. Inventory

Inventory consists of church related books and literature held for future distribution. They are valued at cost. Cost is determined by the first-in first-out method.

g. Investments

Investments in equity securities with readily determinable fair market values and all investments in debt securities are reported at fair market value, with gains and losses included in the statement of activities. Donated investments are reflected as contributions at their fair market values at date of receipt. In addition, the Church considers certain cash, money market, and highly liquid investments to be either temporarily or permanently restricted as long-term investments.

The Orthodox Church in America
Notes to the Financial Statements
December 31, 2009

2. Summary of Significant Accounting Policies: (Continued)

h. Land, Buildings and Equipment

Land, buildings and equipment are stated at cost, or, if donated, at the estimated fair market value at the date of donation. Depreciation is recorded using the straight-line method at various rates calculated to allocate the cost of the respective items over their estimated useful lives.

Estimated useful lives are:

Buildings and improvements	40 years
Furniture and equipment	3-10 years
Software	3 years

Donations of land buildings and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support.

If there are no donor stipulations regarding how long those donated assets must be maintained, the Church reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Church reclassifies temporarily restricted net assets to unrestricted net assets at that time.

i. Accounting for Uncertainty in Income Taxes

The Church's current accounting policy is to disclose liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor is it aware of any exposure to unrelated business income tax.

j. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from their estimates.

k. Reclassification

Certain amounts previously reported in the financial statements for December 31, 2008 have been reclassified to facilitate comparability with the December 31, 2009 amounts with no effect on the change in net assets as previously reported.

l. Prior Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Church's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

The Orthodox Church in America
Notes to the Financial Statements
December 31, 2009

2. Summary of Significant Accounting Policies: (Continued)

m. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

3. Cash and Cash Equivalents:

Cash and cash equivalents at December 31, 2009 consist of the following:

Unrestricted operating funds	\$ 87,703
St. Sergius Chapel account	22,428
Reserve account	14,298
Honesdale – checking	15,701
Honesdale – restricted money market	<u>220,631</u>
	<u>\$360,761</u>

4. Assessments and Accounts Receivable:

Assessments and accounts receivable at December 31, 2009 are comprised of the following:

Accounts receivable	\$ 21,960
Assessments receivable	<u>66,908</u>
	<u>\$ 88,868</u>

Accounts and assessments receivables are expected to be collected in the subsequent year.

5. Note Receivable:

A note receivable that originally totaled \$55,000 is repayable in monthly installments of \$250 and matures in August 2017. The loan was made to a priest who had significant medical expenses. The balance of the note as of December 31, 2009 is \$18,633.

6. Capitalized Mortgage Closing Costs:

Costs pertaining to a \$1,700,000 refinance have been capitalized and are being amortized over the life of the loan (twenty years). As of December 31, 2009, closing cost amortization was \$4,384, leaving a net balance of \$73,434.

7. Investments:

Investments are reported at market value as of December 31, 2009 and consist of:

Money market funds	\$ 41,660
Certificates of deposit	180,000
Federated cash obligations	369,000
U.S. government agency obligations	39,932
Other (gift annuities held by third party)	<u>815,790</u>
	<u>\$1,446,382</u>

**The Orthodox Church in America
Notes to the Financial Statements
December 31, 2009**

8. Fair Value Measurements:

In determining fair value, the Church uses various valuation approaches within the *Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification* fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The *Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification* established a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 inputs: In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Church has the ability to access.

Level 2 inputs: Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs: Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related assets or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in the entirety are categorized based on the lowest level input that is significant to the valuation. The Church's assessment of the significance of the particular inputs to these fair value measurements requires judgment and considers factors of each asset or liability.

Disclosures concerning assets and liabilities measured at fair value on a recurring basis are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Assets:			
Endowment fund pool	\$ 462,098	\$ 462,098	
St. Andrew endowment	100,832	100,832	
FOS endowment fund	67,662	67,662	
Annuity and unitrusts	<u>815,790</u>	<u>708,687</u>	\$ 107,103
	<u>\$ 1,446,382</u>	<u>\$ 1,339,279</u>	<u>\$ 107,103</u>
Liabilities:			
Annuity and unitrusts	<u>\$ 537,758</u>		<u>\$ 537,758</u>
	<u>\$ 537,758</u>		<u>\$ 537,758</u>

The Orthodox Church in America
Notes to the Financial Statements
December 31, 2009

9. Permanently Restricted Net Assets:

The Church's endowments include donor-restricted funds and consist of eight (8) individual funds established for a variety of purposes. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Metropolitan Council to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions as specified in the *Summary of Significant Accounting Policies* outlined in these notes.

Interpretation of Relevant Law

The Metropolitan Council of the Church has interpreted the *Uniform Management of Institutional Funds Act* (UMIFA) as requiring the preservation of the historic dollar value of endowment funds at the time of the original contribution to the fund, absent donor stipulations to the contrary. As a result of this interpretation, the Church classifies as permanently restricted net assets:

- a. the original value of gifts donated to the permanent endowment,
- b. the original value of subsequent gifts to the permanent endowment; and
- c. accumulations to the permanent endowment if directed by the applicable donor gift instrument.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets, unless such appreciation and income has been restricted by the original donor gift instrument for specific purposes. In the latter case, all appreciation and income would be classified as temporarily restricted net 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 60%) to achieve its long-term return and growth objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Church has a policy of appropriating funds for distribution only to fund specific projects and programs, when needed. This spending policy allows the endowment funds to grow annually. This is consistent with the Church objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

The Orthodox Church in America
Notes to the Financial Statements
December 31, 2009

9. Permanently Restricted Net Assets: (Continued)

Changes in endowment funds for the fiscal year ended December 31, 2008, consisted of the following:

	Net Assets			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Interest and dividends, net of fees	\$ 1,392	\$ 3,190		\$ 4,582
Unrealized gains (losses)		(923)		(923)
Change in value of unitrusts			\$ (9,861)	(9,861)
Change in endowment net assets	\$ 1,392	\$ 2,267	\$ (9,861)	\$ (6,202)

10. Investment Income:

Investment income is reported net of related expenses as follows:

Interest and dividend income	\$10,278
Unrealized losses	(923)
Investment fees	<u>(3,357)</u>
Total	<u>\$ 5,998</u>

11. Land, Buildings and Equipment:

A summary of land, buildings and equipment at December 31, 2009 follows:

Land, buildings and improvements	\$531,783
Furniture, fixtures and equipment	446,892
Software	<u>3,000</u>
	981,675
Less: Accumulated depreciation	<u>(710,618)</u>
Total	<u>\$271,057</u>

12. Long-term Debt:

Long-term debt at December 31, 2009 consisted of the following:

\$1,700,000 mortgage loan payable bearing interest at an initial rate of 7.97% for the first 48 months (through September 2010). This mortgage is payable in monthly installments of principal and interest of \$14,300 until September 2010, when the interest rate will adjust to the New York prime rate plus .25%, at which time the corresponding monthly payment amount will be re-amortized over the remaining term of the loan. The interest rate and corresponding monthly payment will readjust every 12th month thereafter until the maturity date in October 2026 when the loan is due and payable in full. This mortgage is collateralized by property in Oyster Bay, New York. \$ 892,621

The Orthodox Church in America
Notes to the Financial Statements
December 31, 2009

12. Long-term Debt: (Continued)

The Church has an automobile loan payable, with interest at a fixed rate of 3.90%. The loan is payable in monthly installments of principal of \$575 and is due and payable in full in January 2013. The balance of the loan as of December 31, 2009 is:

19,547

\$912,168

Estimated principal payments for the succeeding five years and thereafter are as follows:

Year Ending December 31,

2010	\$109,499
2011	118,405
2012	127,893
2013	131,490
2014	142,475
After 2014	<u>282,406</u>

\$912,168

13. Commitments:

The Church leases office equipment under non-cancellable operating leases. Estimated future minimum lease payments by year and in the aggregate under the lease consists of the following as of December 31, 2009:

Year Ending December 31,

2010	\$24,420
2011	24,420
2012	20,457
2013	<u>8,568</u>

\$77,865

14. Annuity and Unitrust Agreements:

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 investment income. Assets held for annuities payable totaled \$107,103 at December 31, 2009. The present value of the remaining future liability to be distributed by the Church at December 31, 2009 is

\$ 98,990

The Orthodox Church in America
Notes to the Financial Statements
December 31, 2009

14. Annuity and Unitrust Agreements: (Continued)

Unitrust agreements

The Church is named as beneficiary of several charitable remainder unitrusts. A unitrust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Church's use. The portion of the trust attributable to the present value of the future benefits to be received by the Church is recorded in the Statement of Activities as a temporarily restricted contribution in the period the trust is established. On an annual basis, the Church revalues the present value of the remaining future liability based upon actuarial assumptions. Assets held in the charitable remainder unitrusts totaled \$708,687 at December 31, 2009. The present value of the remaining future liability to be distributed by the Church is calculated using various rates and applicable mortality tables and at December 31, 2009 totals

438,768

\$537,758

15. Generally Accepted Accounting Principles (GAAP) Departure:

Because of the inadequacy of accounting records regarding the utilization of restricted net assets for the years prior to 2009, net assets have not been classified in accordance with SFAS 117 as unrestricted, temporarily restricted, or permanently restricted net assets based on the absence or existence and type of donor-imposed restrictions. We were further unable to satisfy ourselves regarding the balances of net assets in each classification by means of other auditing procedures.

16. Retirement Plan:

The Church participates in the Orthodox Church in America pension plan, which is a multi-employer plan. The plan provides defined benefits with participation available to all full-time employees. The retirement benefit costs charged to expense in 2009 amounted to \$51,065.

17. Settlement of litigation:

Three lawsuits relating to events occurring before the financial statement date were settled after December 31, 2009. The settlement amount of \$250,000 was recognized as a liability and expense in the accompanying financial statements and was paid in full in May of 2010.

18. Subsequent Events:

Management of the Church has evaluated subsequent events through September 23, 2010, which is the date the financial statements were available to be issued. On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). Based upon the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), a model state law drafted in 2006, NYPMIFA updates and broadens standards governing the management and investment of charitable gifts by New York nonprofit institutions. Management of the Church intends to review NYPMIFA in its entirety to fully understand the extent of the law's new requirements and to determine the appropriate accounting treatment and application to future periods. Management discovered no other subsequent events requiring disclosure.

**The Orthodox Church in America
Supplemental Statement of Expenses
Year Ended December 31, 2009**

With Summarized Comparative Figures for the Year Ended December 31, 2008

	Program	General and Administrative	Development	2009 Totals	2008 Totals
Program services, including related salaries:					
Website and public relations	\$ 144,501			\$ 144,501	\$ 141,990
Newspaper, Sourcebook/Calendar	100,823			100,823	171,876
History and archives	91,330			91,330	100,734
Publication and press	46,937			46,937	47,989
External affairs	136,242			136,242	107,004
Charity	43,323		\$ 3,675	46,998	367,784
Missions and stewardship	101,915		12,930	114,845	120,544
Humanitarian aid	1,046			1,046	1,772
Seminaries	6,000			6,000	114,386
Education and community life	14,566			14,566	25,873
Fellowship of Orthodox Stewards	34,426			34,426	
Youth ministry	8,473			8,473	9,480
Pastoral life	20,531			20,531	28,670
Supporting services:					
Salaries and stipends	27,470	\$ 439,514	82,409	549,393	696,201
Payroll taxes and employee benefits	52,013	104,027	17,338	173,378	270,228
Supplies and other office expenses	25,989	32,487	6,497	64,973	122,416
Telephone	16,295	20,370	4,074	40,739	50,382
Printing	3,436	4,295	859	8,590	27,317
Professional fees - accounting and other		161,918		161,918	336,243
Travel	72,134	90,170	18,033	180,337	396,951
Meetings and conferences	6,003	7,504	1,500	15,007	14,227
Interest expense	30,709	38,387	7,677	76,773	84,978
Property taxes and town fees	14,016	17,521	3,504	35,041	14,327
Repairs and maintenance/building and grounds	22,955	28,694	5,738	57,387	50,855
Building utilities	11,015	13,769	2,753	27,537	34,692
Postage and shipping	11,938	14,923	2,985	29,846	37,548
Publications	630	788	158	1,576	491
Insurance	10,010	12,512	2,502	25,024	26,175
Bank and credit card fees	1,315	1,644	328	3,287	11,071
Miscellaneous	11,067	13,834	2,767	27,668	124
Operating expenses before depreciation, amortization and professional fees	1,067,108	1,002,357	175,727	2,245,192	3,412,328
Depreciation	19,267	24,083	4,816	48,166	54,698
Amortization of closing costs	1,756	2,192	436	4,384	4,384
Settlement of litigation		250,000		250,000	
Professional fees - legal		453,627		453,627	220,017
Total expenses	<u>\$ 1,088,131</u>	<u>\$ 1,732,259</u>	<u>\$ 180,979</u>	<u>\$ 3,001,369</u>	<u>\$ 3,691,427</u>

See auditor's report on supplementary information.

Schedule 1

The Orthodox Church in America

Financial Statements

and

Auditor's Report

Year Ended December 31, 2008

The Orthodox Church in America

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Lambrides

LAMOS, TAYLOR LLP
Certified Public Accountants and Consultants

To the Metropolitan Council
The Orthodox Church in America

Independent Auditor's Report

We have audited the accompanying statement of financial position of The Orthodox Church in America (the Church) December 31, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of the Church. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraphs, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because of the inadequacy of accounting records regarding the utilization of temporarily restricted net assets for the years prior to 2008, we were unable to form an opinion regarding the beginning and ending balances of unrestricted, temporarily restricted, and permanently restricted net assets at December 31, 2008. We were unable to satisfy ourselves regarding the balances of net assets in each classification at that date by means of other auditing procedures.

As discussed in Note 15 to the financial statements, net assets have not been classified in accordance with SFAS 117 as unrestricted, temporarily restricted, or permanently restricted net assets based on the absence or existence and type of donor-imposed restrictions. In our opinion, net assets should be classified by donor restriction to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of that departure are not reasonably determinable.

We were unable to obtain documentation verifying ownership of certain properties which may be held by the Church, and we were, therefore, unable to form an opinion regarding the amounts at which fixed assets and accumulated depreciation are recorded at December 31, 2008.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to apply adequate procedures to beginning and ending net assets as discussed in the third paragraph, and except for the effects of the matter discussed in the fourth paragraph, and except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to apply adequate procedures to fixed assets as discussed in the fifth paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position Orthodox Church in America as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As discussed in Note 13 to the financial statements, The Orthodox Church in America adopted the provisions of the *Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification*, effective January 1, 2008.

Lambrides, Lamos, Taylor LLP

March 4, 2010

The Orthodox Church in America
Statement of Financial Position
December 31, 2008

ASSETS

Cash and cash equivalents	\$ 430,904
Assessments and other accounts receivable	50,600
Note receivable	27,876
Bequest receivable	10,000
Inventory	23,708
Mortgage closing costs	77,818
Investments:	
Endowment fund pool	559,422
St. Andrew endowment fund	100,102
FOS endowment fund	67,235
Annuity and unitrust agreements	913,810
Land, buildings and equipment (net of accumulated depreciation)	<u>319,224</u>
 Total assets	 <u><u>\$2,580,699</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued expenses	\$ 193,360
Loans payable	1,015,761
Annuity and unitrust agreements	<u>624,254</u>

Total liabilities 1,833,375

Net assets:

Total net assets 747,324

Total liabilities and net assets \$2,580,699

See notes to financial statements.

The Orthodox Church in America
Statement of Activities
Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and revenue:				
Contributions:				
Fellowship of Orthodox Stewards	\$ 23,221			\$ 23,221
Charity		\$ 44,044		44,044
Missions		50,703		50,703
Seminary		53,101		53,101
General contributions	40,473			40,473
Other restricted		6,050		6,050
Total contributions	<u>63,694</u>	<u>153,898</u>		<u>217,592</u>
Revenue:				
Assessments	2,538,076	243,171		2,781,247
Publications	36,152			36,152
Yearbook and calendar	171			171
Newspaper	1,020			1,020
Miscellaneous	63,032			63,032
Total revenue	<u>2,638,451</u>	<u>243,171</u>		<u>2,881,622</u>
Total support and revenue before net assets released from restrictions	2,702,145	397,069		3,099,214
Net assets released from restrictions	<u>479,896</u>	<u>(479,896)</u>		
Total support, revenue and releases	<u>3,182,041</u>	<u>(82,827)</u>		<u>3,099,214</u>
Expenses:				
Program services	<u>1,686,421</u>			<u>1,686,421</u>
Supporting services:				
General administrative	1,154,885			1,154,885
Development	<u>234,779</u>			<u>234,779</u>
Total supporting services	<u>1,389,664</u>			<u>1,389,664</u>
Total expenses	<u>3,076,085</u>			<u>3,076,085</u>
Change in net assets from operations	105,956	(82,827)		23,129
Other changes:				
Depreciation	(54,698)			(54,698)
Amortization of closing costs	(4,384)			(4,384)
Net investment income	(216,629)	(257,936)		(474,565)
Change in actuarial value of unitrusts	(22,283)	(170,654)		(192,937)
Professional fees - legal	(220,017)			(220,017)
Professional fees - audit	(116,504)			(116,504)
Professional fees - other	<u>(219,739)</u>			<u>(219,739)</u>
Change in net assets after other changes	(748,298)	(511,417)		(1,259,715)
Net assets at beginning of year	<u>(427,779)</u>	<u>992,518</u>	<u>\$ 1,442,300</u>	<u>2,007,039</u>
Net assets at end of year	<u>\$ (1,176,077)</u>	<u>\$ 481,101</u>	<u>\$ 1,442,300</u>	<u>\$ 747,324</u>

See notes to financial statements.

**The Orthodox Church in America
Statement of Cash Flows
Year Ended December 31, 2008**

Cash flows from operating activities:	
Change in net assets	\$(1,259,715)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	54,698
Amortization of mortgage closing costs	4,384
Net realized and unrealized loss on investments	503,223
Change in actuarial valuation of annuities and unitrusts	192,937
(Increase) decrease in:	
Assessments and other accounts receivable	220,674
Notes receivable	9,494
Bequest receivable	(10,000)
Prepaid expenses	5,169
Decrease in:	
Accounts payable and accrued expenses	(24,659)
Deferred compensation	<u>(66,158)</u>
Net cash used by operating activities	<u>(369,953)</u>
Cash flows from investing activities:	
Purchase of vehicle	(5,167)
Purchase of equipment	(3,000)
Purchase of investments	(1,433,212)
Proceeds from sale of investments	<u>1,674,989</u>
Net cash provided by investing activities	<u>233,610</u>
Cash flows from financing activities:	
Repayment of principal	<u>(112,450)</u>
Net cash used by financing activities	<u>(112,450)</u>
Net decrease in cash	(248,793)
Cash at beginning of year	<u>679,697</u>
Cash at end of year	<u>\$ 430,904</u>
Supplemental disclosure of cash flow information:	
Cash paid for interest expense	<u>\$ 84,978</u>
Acquisition of vehicle	
Cost of vehicle	\$ 36,485
Vehicle loan	<u>(31,318)</u>
Cash down payment for vehicle	<u>\$ 5,167</u>

See notes to financial statements.

The Orthodox Church in America
Notes to the Financial Statements
December 31, 2008

1. Organization and Purpose:

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 Orthodox Church in America 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 Orthodox Church in America 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 Orthodox Church in America 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.

2. Summary of Significant Accounting Policies:

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

a. Accrual Basis Financial Statements

The accompanying financial statements have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America and in accordance with the principles of not-for-profit accounting.

b. Net Assets

Changes in the net assets of the church are classified and reported as follows:

In August 2008, The Financial Accounting Standards Board (FASB) issued the *Not-for-Profit Entities Endowment Fund Reporting and Disclosure Topic of the FASB Accounting Standards Codification*. This topic provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). This topic also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of New York has not yet adopted UPMIFA. The Church has adopted the provisions of *Not-for-Profit Entities Endowment Fund Reporting and Disclosure Topic of the FASB Accounting Standards Codification* for the year ending December 31, 2008.

- Unrestricted net assets include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the organization to utilize funds in furtherance of its mission.

The Orthodox Church in America
Notes to the Financial Statements
December 31, 2008

2. Summary of Significant Accounting Policies: (Continued)

- Temporarily restricted net assets carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. 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.
- Permanently restricted net assets are those that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be permanently retained. 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.

c. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to 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. At December 31, 2008, there is no allowance.

d. Contributions

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give (pledges). Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Contributions of property, buildings and equipment without donor stipulation concerning the use of such long-lived assets are reported as revenues of the unrestricted net assets.

Contributions of cash or other assets to be used to acquire property, plant and equipment are reported as revenue of the temporarily restricted net assets; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

e. Cash and Cash Equivalents

Cash and cash equivalents include all cash on hand and in banks. The Church also considers highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents, unless such investments carry a temporary or permanent restriction.

f. Inventory

Inventory consists of church related books and literature held for future distribution. They are valued at cost. Cost is determined by the first-in first-out method.

The Orthodox Church in America
Notes to the Financial Statements
December 31, 2008

2. Summary of Significant Accounting Policies: (Continued)

g. Mortgage Closing Costs

Costs pertaining to a \$1,700,000 refinance have been capitalized and are being amortized over the life of the loan (twenty years). As of December 31, 2008, closing cost amortization was \$4,384, leaving a net balance of \$77,818.

h. Investments

Investments in equity securities with readily determinable fair market values and all investments in debt securities are reported at fair market value, with gains and losses included in the statement of activities. Donated investments are reflected as contributions at their fair market values at date of receipt. In addition, the Church considers certain cash, money market, and highly liquid investments to be either temporarily or permanently restricted as long-term investments.

i. Adoption of New Accounting Standards

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (FAS 157), now known as the *Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification*. This topic provides a new definition of fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The Church adopted the provisions of this topic as of January 1, 2008. In accordance with the provisions of the topic, the Church will delay application for nonfinancial assets and nonfinancial liabilities. The adoption of the *Fair Value Measurements and Disclosures Topic* did not have a material effect on the Church's financial position as of December 31, 2008 or on the statements of operations and changes in net assets or cash flows for the year ended December 31, 2008. See Note 13 for related fair value disclosures.

j. Property, Plant and Equipment

Property, plant and equipment are stated at cost, or, if donated, at the estimated fair market value at the date of donation. Depreciation is recorded using the straight-line method at various rates calculated to allocate the cost of the respective items over their estimated useful lives.

Estimated useful lives are:

Buildings and improvements	40 years
Furniture and equipment	3-10 years
Software	3 years

Donations of property, plant and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support.

The Orthodox Church in America
Notes to the Financial Statements
December 31, 2008

2. Summary of Significant Accounting Policies: (Continued)

If there are no donor stipulations regarding how long those donated assets must be maintained, the Church reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Church reclassifies temporarily restricted net assets to unrestricted net assets at that time.

k. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from their estimates.

l. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

3. Cash and Cash Equivalents:

Cash and cash equivalents at December 31, 2008 consist of the following:

Unrestricted operating funds	\$ 161,377
St. Sergius Chapel account	4,233
Reserve account	31,679
Honesdale – checking	15,701
Honesdale – restricted money market	<u>217,914</u>
Total	<u>\$ 430,904</u>

4. Assessments and Accounts Receivable:

Assessments and accounts receivable at December 31, 2008 are comprised of the following:

Accounts receivable	\$ 31,350
Assessments receivable	<u>19,250</u>
Total	<u>\$ 50,600</u>

Accounts and assessments receivables of \$50,600 were received in the subsequent year.

5. Note Receivable:

A note receivable that originally totaled \$55,000 is repayable in monthly installments of \$300 and matures in August 2017. The loan was made to a priest who had significant medical expenses. The balance of the note as of December 31, 2008 is \$27,876.

The Orthodox Church in America
Notes to the Financial Statements
December 31, 2008

6. Investments:

Investments are reported at market value as of December 31, 2008 and consist of:

Money market funds	\$ 277,632
Common stock	530,860
Fixed income	779,894
Mutual funds	<u>52,183</u>
 Total	 <u>\$1,640,569</u>

7. Land, Buildings and Equipment:

A summary of land, buildings and equipment at December 31, 2008 follows:

Land, buildings and improvements	\$531,783
Furniture, fixtures and equipment	446,892
Software	<u>3,000</u>
	981,675
Less: Accumulated depreciation	<u>(662,451)</u>
 Total	 <u>\$319,224</u>

8. Long-term Debt:

Long-term debt at December 31, 2008 consisted of the following:

\$1,700,000 mortgage loan payable bearing interest at an initial rate of 7.97% for the first 48 months (through September 2010). This mortgage is payable in monthly installments of principal and interest of \$14,300 until September 2010, when the interest rate will adjust to the New York prime rate plus .25%, at which time the corresponding monthly payment amount will be re-amortized over the remaining term of the loan. The interest rate and corresponding monthly payment will readjust every 12th month thereafter until the maturity date in October 2026 when the loan is due and payable in full. This mortgage is collateralized by property in Syosset, New York. \$ 987,877

The Church has two automobile notes payable, with interest at a fixed rate of 3.90% and 0% respectively. The notes are payable in monthly installments of principal of \$575 and \$466 respectively. The notes are due and payable in full as of January 2013 and April 2009 respectively. The balance of the note as of December 31, 2008 is: 27,884

\$1,015,761

(Continued)

The Orthodox Church in America
Notes to the Financial Statements
December 31, 2008

8. Long-term Debt: (Continued)

Estimated principal payments for the next five years and thereafter are as follows:

Year Ending December 31,

2009	\$ 103,111
2010	109,480
2011	118,386
2012	127,876
2013	132,026
After 2013	<u>424,882</u>
Total	<u>\$1,015,761</u>

9. Annuity and Unitrust Agreements:

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 investment income. Assets held for annuities payable totaled \$107,105 at December 31, 2008. The present value of the remaining future liability to be distributed by the Church at December 31, 2008 is

\$ 98,990

Unitrust agreements

The Church is named as beneficiary of several charitable remainder unitrusts. A unitrust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Church's use. The portion of the trust attributable to the present value of the future benefits to be received by the Church is recorded in the Statement of Activities as a temporarily restricted contribution in the period the trust is established. On an annual basis, the Church revalues the present value of the remaining future liability based upon actuarial assumptions. Assets held in the charitable remainder unitrusts totaled \$806,705 at December 31, 2008. The present value of the remaining future liability to be distributed by the Church is calculated using various rates and applicable mortality tables and at December 31, 2008 totals

525,264

\$624,254

**The Orthodox Church in America
Notes to the Financial Statements
December 31, 2008**

10. Investment Income:

Investment income is reported net of related expenses as follows:

Interest and dividend income	\$ 45,085
Realized losses	(438,475)
Unrealized losses	(64,748)
Investment fees	<u>(16,427)</u>
Total	<u><u>\$(474,565)</u></u>

11. Retirement Plan:

The Church participates in the Orthodox Church in America pension plan, which is a multi-employer plan. The plan provides defined benefits with participation available to all full-time employees. The retirement benefit costs charged to expense in 2008 amounted to \$106,063.

12. Commitments:

The Church leases office equipment under a non-cancellable operating lease. Estimated future minimum lease payments by year and in the aggregate under the lease consists of the following as of December 31, 2008:

2009	\$15,852
2010	15,852
2011	<u>11,889</u>
Total	<u><u>\$43,593</u></u>

13. Fair Value Measurements:

In determining fair value, the Church uses various valuation approaches within the *Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification* fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The *Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification* established a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 inputs: In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Church has the ability to access.

Level 2 inputs: Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs: Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related assets or liability.

(Continued)

**The Orthodox Church in America
Notes to the Financial Statements
December 31, 2008**

13. Fair Value Measurements: (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in the entirety are categorized based on the lowest level input that is significant to the valuation. The Church's assessment of the significance of the particular inputs to these fair value measurements requires judgment and considers factors of each asset or liability.

Disclosures concerning assets and liabilities measured at fair value on a recurring basis are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Endowment fund pool	\$ 559,422	\$ 559,422		
St. Andrew endowment	100,102	100,102		
FOS endowment fund	67,235	67,235		
Annuity and unitrusts	913,810	913,810		
	<u>\$1,640,569</u>	<u>\$ 1,640,569</u>		

14. Permanently Restricted Net Assets:

The Church's endowments include donor-restricted funds and consist of eight (8) individuals funds established for a variety of purposes. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Metropolitan Council to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions as specified in the *Summary of Significant Accounting Policies* outlined in these notes.

Interpretation of Relevant Law

The Metropolitan Council of the Church has interpreted the *Uniform Management of Institutional Funds Act* (UMIFA) as requiring the preservation of the historic dollar value of endowment funds at the time of the original contribution to the fund, absent donor stipulations to the contrary. As a result of this interpretation, the Church classifies as permanently restricted net assets:

- (a) the original value of gifts donated to the permanent endowment,
- (b) the original value of subsequent gifts to the permanent endowment; and
- (c) accumulations to the permanent endowment if directed by the applicable donor gift instrument.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets, unless such appreciation and income has been restricted by the original donor gift instrument for specific purposes. In the later case, all appreciation and income would be classified as temporarily restricted net assets.

(Continued)

The Orthodox Church in America
Notes to the Financial Statements
December 31, 2008

14. Permanently Restricted Net Assets: (Continued)

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 60%) to achieve its long-term return and growth objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Church has a policy of appropriating funds for distribution only to fund specific projects and programs, when needed. This spending policy allows the endowment funds to grow annually. This is consistent with the Church objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

Changes in endowment funds for the fiscal year ended December 31, 2008, consisted of the following:

	Net Assets			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Realized gains (losses)	\$ (565,777)			\$ (565,777)
Interest and dividends, net of fees	18,745			18,745
Unrealized gains (losses)	(346,737)			(346,737)
Amounts appropriated for expenditure	(14,420)			(14,420)
Change in endowment net assets	<u>\$ (908,189)</u>			<u>\$ (908,189)</u>

15. Generally Accepted Accounting Principles (GAAP) Departure:

Because of the inadequacy of accounting records regarding the utilization of restricted net assets for the years prior to 2008, net assets have not been classified in accordance with SFAS 117 as unrestricted, temporarily restricted, or permanently restricted net assets based on the absence or existence and type of donor-imposed restrictions. We were further unable to satisfy ourselves regarding the balances of net assets in each classification by means of other auditing procedures.

The Orthodox Church in America
Notes to the Financial Statements
December 31, 2008

16. Contingent Liabilities and Assets:

The Church believes a former employee owes the Church for personal credit card charges paid by the Church totaling approximately \$137,000. Conversely, the employee alleges that they are due reimbursement for certain improvements to Church-owned fixed assets paid for by them during their employment. These improvements totaled \$109,523, plus estimated accrued interest, for a total estimated claim of \$400,000. No amounts have been accrued in the financial statements for the estimated receivable or the claim due to uncertainties as to the collectability of the receivable and the validity of the claim.

On May 22, 2009, a new lawsuit was filed by a former employee, alleging wrongful termination and defamation. The lawsuit seeks \$26 million in damages and is currently dormant.

In January 2009, a lawsuit was filed by a retired bishop, suing for wrongful termination relating to retirement and seeking at least \$10 million; intentional infliction of emotional distress (\$10 million); tortious interference (\$10 million); deceptive business practices (\$10 million); and punitive damages of \$1 million, plus legal fees and interest. This lawsuit is currently dormant.

**The Orthodox Church in America
Supplemental Statement of Expenses
Year Ended December 31, 2008**

		General and		
	Program	Administrative	Development	Totals
Program services, including related salaries:				
Website and public relations	\$ 141,990			\$ 141,990
Newspaper, Sourcebook/Calendar	171,876			171,876
History and archives	100,734			100,734
Publication and press	47,989			47,989
External affairs	107,004			107,004
Charity	365,431		\$ 2,353	367,784
Missions and stewardship	117,048		3,496	120,544
Humanitarian aid	1,772			1,772
Seminaries	104,056		10,330	114,386
Education and community life	25,873			25,873
Youth ministry	9,480			9,480
Pastoral life	28,670			28,670
Supporting services:				
Salaries and stipends	34,810	\$ 556,961	104,430	696,201
Payroll taxes and employee benefits	81,068	162,137	27,023	270,228
Supplies and other office expenses	48,966	61,209	12,241	122,416
Telephone	20,153	25,192	5,037	50,382
Printing	10,927	13,659	2,731	27,317
Travel	158,779	198,479	39,693	396,951
Meetings and conferences	5,691	7,114	1,422	14,227
Interest expense	33,991	42,490	8,497	84,978
Property taxes and town fees	5,731	7,164	1,432	14,327
Repairs and maintenance/building and grounds	20,342	25,428	5,085	50,855
Building utilities	13,877	17,346	3,469	34,692
Postage and shipping	15,019	18,774	3,755	37,548
Publications	196	246	49	491
Insurance	10,470	13,088	2,617	26,175
Bank and credit card fees	4,428	5,536	1,107	11,071
Miscellaneous	50	62	12	124
	<u>50</u>	<u>62</u>	<u>12</u>	<u>124</u>
Operating expenses before depreciation, amortization and professional fees	1,686,421	1,154,885	234,779	3,076,085
Depreciation	21,879	27,349	5,470	54,698
Amortization of closing costs	1,756	2,192	436	4,384
Professional fees - legal		220,017		220,017
Professional fees - audit		116,504		116,504
Professional fees - other		219,739		219,739
	<u>1,710,056</u>	<u>1,740,686</u>	<u>240,685</u>	<u>\$3,691,427</u>
Total expenses	<u>\$ 1,710,056</u>	<u>\$ 1,740,686</u>	<u>\$240,685</u>	<u>\$3,691,427</u>

See auditor's report on supplementary information.

Schedule 1

ST TIKHON'S MONASTERY FINANCIAL STATEMENTS

1. Profit and Loss Statement for the Period January 1, 2008 through January 2, 2009
2. Profit and Loss Statement for the Period January through December 2009
3. Profit and Loss Statement for the Period January through December 2010

10:21 PM
 01/02/09
 Cash Basis

St. Tikhon's Monastery
Profit & Loss
 January 1, 2008 through January 2, 2009

Jan 1, '08 - Jan 2, 09

Ordinary Income/Expense	
Income	
4000 · Contributed support	
4010 · Indiv/business contribution	
4010.01 · Gen/Misc Contribution	218,974.87
4010.03 · Candles	14,339.75
4010.04 · Offering	27,966.33
4010.05 · Candle Box	20,165.10
4010.06 · OCA Misc.	168.00
4010.07 · Christmas Appeal	31,891.10
4010.08 · Cemetery	18,270.00
4010.09 · Museum Fund	302.00
4010.10 · Lenten Appeal	22,228.00
4010 · Indiv/business contribution - Other	9,450.00
Total 4010 · Indiv/business contribution	363,755.15
4070 · Legacies & bequests	
4070.01 · Estate Bequests	2,424.74
Total 4070 · Legacies & bequests	2,424.74
Total 4000 · Contributed support	366,179.89
5000 · Earned revenues	
5220 · Assessments & dues - OCA	-2,616.10
5320 · Dividends & Interest	
5320.01 · Dividends	183.20
5320.04 · Building Fund Interest	15.40
Total 5320 · Dividends & Interest	198.60
Total 5000 · Earned revenues	-2,417.50
Total Income	363,762.39
Expense	
7200 · Individual related expenses	
7240 · Individual benefits	
7240.01 · Health Insurance	27,802.24
Total 7240 · Individual benefits	27,802.24
7260 · Medical Expenses	2,271.57
Total 7200 · Individual related expenses	30,073.81
8100 · Non-personnel expenses	
8110 · Office Supplies	3,368.86
8130 · Telephone & telecommunications	1,278.58
8150 · Mailing services	1,232.79
8160 · Equip rental & maintenance	3,383.82
8170 · Printing & copying	11,107.11
Total 8100 · Non-personnel expenses	20,371.16
8200 · Occupancy expenses	
8210 · Food and Food Services	28,735.03
8220 · Utilities	
8220.01 · Electricity	25,554.39
8220.02 · Heating	32,774.80
8220.03 · Waste	1,899.51
Total 8220 · Utilities	60,228.70
8250 · Mortgage interest	28,762.46

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Cash Basis

St. Tikhon's Monastery
Profit & Loss
January 1, 2008 through January 2, 2009

	<u>Jan 1, '08 - Jan 2, 09</u>
8290 · Building and Grounds	
8290.01 · Building Maintenance	4,103.62
8290.02 · Equipment Bldg & Grd	982.31
8290.03 · Auto	23,165.34
8290.04 · Fire Insurance	9,052.00
8290.05 · Auto Insurance	3,784.50
8290.06 · Cemetery	-410.00
8290.07 · Improvements	80,107.78
8290.08 · Hardware	6,408.26
8290.09 · Property Tax	1,350.36
8290.10 · Grounds Maintenance	448.85
Total 8290 · Building and Grounds	<u>128,993.02</u>
Total 8200 · Occupancy expenses	246,719.21
8300 · Travel & meetings expenses	
8320 · Conference, convention, meeting	2,213.89
Total 8300 · Travel & meetings expenses	<u>2,213.89</u>
8500 · Misc expenses	
8510 · Interest expense - loans	39,615.31
8590 · Other expenses	
8590.01 · Candles	11,256.43
8590.03 · Misc. Expenses	388.44
8590.04 · Flowers	4,481.83
Total 8590 · Other expenses	<u>16,126.70</u>
8500 · Misc expenses - Other	<u>1,200.00</u>
Total 8500 · Misc expenses	<u>56,942.01</u>
Total Expense	<u>356,320.08</u>
Net Ordinary Income	<u>7,442.31</u>
Net Income	<u><u>7,442.31</u></u>

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 Cash Basis

St. Tikhon's Monastery
Profit & Loss
 January through December 2009

	Jan - Dec 09
Ordinary Income/Expense	
Income	
4000 · Contributed support	
4010 · Indiv/business contribution	
4010.01 · Gen/Misc Contribution	184,499.08
4010.02 · Memorial Services	10,092.81
4010.03 · Candles	15,455.76
4010.04 · Offering	89,403.26
4010.05 · Candle Box	24,339.69
4010.07 · Christmas Appeal	20,614.89
4010.08 · Cemetery	17,570.00
4010.11 · Modular Home Appeal	63,728.51
4010 · Indiv/business contribution - Other	400.00
Total 4010 · Indiv/business contribution	426,104.00
4070 · Legacies & bequests	100,000.00
4000 · Contributed support - Other	1,000.00
Total 4000 · Contributed support	527,104.00
4020 · Rent for Bookstore	78,331.68
5000 · Earned revenues	
5220 · Assessments & dues - OCA	522.38
5320 · Dividends & Interest	
5320.01 · Dividends	1.64
5320.05 · CD Interest	32,786.60
Total 5320 · Dividends & Interest	32,788.24
5000 · Earned revenues - Other	3,640.06
Total 5000 · Earned revenues	36,950.68
5320.06 · Reimbursement	21,570.41
5320.07 · Work outside Monastery	2,949.03
Total Income	666,905.80
Expense	
6560 · Payroll Expenses	250.00
6570 · Reimbursements	745.67
66900 · Reconciliation Discrepancies	-979.83
7112 · Books	114.19
7200 · Individual related expenses	
7240 · Individual benefits	
7240.01 · Health Insurance	37,401.01
Total 7240 · Individual benefits	37,401.01
7255 · Clothing	135.35
7260 · Medical Expenses	3,989.89
7200 · Individual related expenses - Other	5,995.00
Total 7200 · Individual related expenses	47,521.25
8100 · Non-personnel expenses	
8110 · Office Supplies	1,632.38
8130 · Telephone & telecommunications	746.82
8140 · Postage, shipping, delivery	4,296.85
8160 · Equip rental & maintenance	3,458.35
8170 · Printing & copying	11,726.30
Total 8100 · Non-personnel expenses	21,860.70
8200 · Occupancy expenses	
8210 · Food and Food Services	42,830.70
8220 · Utilities	
8220.01 · Electricity	32,174.81
8220.02 · Heating	14,037.41
8220.03 · Waste	2,156.04
Total 8220 · Utilities	48,368.26
8250 · Mortgage interest	12,944.78

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 Cash Basis

St. Tikhon's Monastery
Profit & Loss
 January through December 2009

	Jan - Dec 09
8280 · Auto	
8280.01 · Auto Fuel	13,511.68
8280.02 · Auto Insurance	72.00
Total 8280 · Auto	13,583.68
8290 · Building and Grounds	
8290.01 · Building Maintenance	7,563.79
8290.02 · Equipment Bldg & Grd	9,592.55
8290.04 · Fire Insurance	8,886.00
8290.06 · Cemetery	5,650.00
8290.07 · Improvements	53,971.35
8290.08 · Hardware	14,309.58
8290.09 · Property Tax	1,672.60
8290.10 · Grounds Maintenance	699.51
Total 8290 · Building and Grounds	102,345.38
8200 · Occupancy expenses - Other	-2,650.00
Total 8200 · Occupancy expenses	217,422.80
8295 · Modular Home Building Project	
8295.01 · Modular Home Furniture	4,176.00
8295 · Modular Home Building Project - Other	172,534.20
Total 8295 · Modular Home Building Project	176,710.20
8300 · Travel & meetings expenses	
8310 · Travel	-223.52
8320 · Conference, convention, meeting	1,112.86
Total 8300 · Travel & meetings expenses	889.34
8500 · Misc expenses	
8510 · Interest expense - loans	82,734.76
8590 · Other expenses	
8590.01 · Candles	12,595.23
8590.02 · Church Supplies	1,734.81
8590.03 · Misc. Expenses	1,580.00
8590.04 · Flowers	1,133.52
Total 8590 · Other expenses	17,043.56
8500 · Misc expenses - Other	777.10
Total 8500 · Misc expenses	100,555.42
8520.00 · Transfer	22,080.00
8530.01 · Membership Dues	375.00
8590.05 · Charity	43,375.00
8590.07 · Food Pantry	772.84
8700 · Bank Service Charge	-69.50
Total Expense	631,762.08
Net Ordinary Income	35,143.72
Other Income/Expense	
Other Income	
6800 · Unrealized gain (loss)	
6810 · Realized gain(loss) - investm	-70,975.08
Total 6800 · Unrealized gain (loss)	-70,975.08
Total Other Income	-70,975.08
Net Other Income	-70,975.08
Net Income	-35,831.36

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 Accrual Basis

St. Tikhon's Monastery
Profit & Loss
 January through December 2010

	Jan - Dec 10
Ordinary Income/Expense	
Income	
4000 · Contributed support	
4010 · Indiv/business contribution	
4010.01 · Gen/Misc Contribution	164,737.69
4010.03 · Candles	20,559.37
4010.04 · Offering	39,803.06
4010.05 · Candle Box	21,235.20
4010.07 · Christmas Appeal	28,412.00
4010.09 · Museum Fund	59.00
4010.12 · Vestments	2,250.00
4010.13 · Flowers	2,204.55
4010.14 · Memorial Day	15,689.42
4010.15 · Spring Appeal	8,649.14
Total 4010 · Indiv/business contribution	303,599.43
4070 · Legacies & bequests	
4070.01 · Estate Bequests	6,000.00
4070 · Legacies & bequests - Other	14,691.55
Total 4070 · Legacies & bequests	20,691.55
Total 4000 · Contributed support	324,290.98
4200 · Other Income	
4210 · Tree Income	6,943.61
4200 · Other Income - Other	48,588.10
Total 4200 · Other Income	55,531.71
5000 · Earned revenues	
5010 · Cemetery	
5010.01 · Cemetery plot sales	35,750.00
5010.20 · Opening & closing	8,500.00
5010.30 · Services	500.00
Total 5010 · Cemetery	44,750.00
5020 · Monastery Activities	
5020.01 · Guest House Income	7,774.00
5020.02 · Coffee Hour	1,716.59
5020.03 · Food Pantry	1,292.00
5020.04 · Work outside Monastery	1,875.00
5020.05 · Rent Income	2,500.00
5020.06 · Honorariums	3,425.00
Total 5020 · Monastery Activities	18,582.59
5220 · Assessments & dues - OCA	9,680.00
5320 · Dividends & Interest	
5320.01 · Dividends	18.48
5320.05 · CD Interest	9,089.54
5320 · Dividends & Interest - Other	10.91
Total 5320 · Dividends & Interest	9,118.93
Total 5000 · Earned revenues	82,131.52
Total Income	461,954.21
Expense	
6560 · Memorial Day	
6560.10 · Food	6,653.61
6560.20 · Grounds	5,778.03
6560.30 · Accomodations	228.39
6560.40 · Misc Expenses	1,770.26
Total 6560 · Memorial Day	14,430.29

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 Accrual Basis

St. Tikhon's Monastery
Profit & Loss
 January through December 2010

	Jan - Dec 10
6570 · Insurance	
6570.10 · Health Insurance	51,023.43
6570.20 · Life Insurance	-520.00
6570.30 · Medical Expenses	7,154.69
6570 · Insurance - Other	21,000.00
Total 6570 · Insurance	78,658.12
7000 · Liturgical Expenses	
7000.10 · Monastery Vestments	6,837.06
7000.20 · Candles	9,376.76
7000.30 · Church Supplies	429.32
7000.40 · Flowers	5,246.95
7000.50 · Altar Wine	3,123.00
7000.60 · Iconography Supplies	1,549.03
Total 7000 · Liturgical Expenses	26,562.12
7200 · Monastery Operating Expenses	
7200.10 · Books	438.17
7200.20 · Entertainment	926.01
7200.30 · Individual benefits	-119.11
7200.40 · Tuition	6,025.00
7200.50 · Income Tax	651.00
7200.60 · Clothing	436.76
7200.70 · Food and Food Services	62,617.28
7210 · Utilities	
7210.10 · Electricity	32,393.22
7210.20 · Heating	22,192.59
7210.30 · Waste	3,607.18
7210.40 · Telephone & telecommunications	2,948.93
Total 7210 · Utilities	61,141.92
7200 · Monastery Operating Expenses - Other	1,706.30
Total 7200 · Monastery Operating Expenses	133,823.33
7500 · Professional Fees	
7500.10 · Marketing	300.00
7500 · Professional Fees - Other	35.00
Total 7500 · Professional Fees	335.00
8100 · Office Supplies	
8100.10 · Office Supplies	4,341.89
8100.20 · Postage, shipping, delivery	3,000.00
8100.40 · Equip rental & maintenance	1,321.59
8100.50 · Printing & copying	11,105.10
8100 · Office Supplies - Other	614.91
Total 8100 · Office Supplies	20,383.49
8200 · Cemetery	
8200.10 · Grave Opening & Closing	4,750.00
8200.20 · Cemetery Maintenance	3,625.00
Total 8200 · Cemetery	8,375.00
8280 · Auto	
8280.10 · Auto Expense	1,305.90
8280.30 · Auto Lease	4,904.38
8280.40 · Auto Maintenance	6,547.71
8280.50 · Auto Fuel	2,412.19
8280 · Auto - Other	28.00
Total 8280 · Auto	15,198.18

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 Accrual Basis

St. Tikhon's Monastery
Profit & Loss
 January through December 2010

	Jan - Dec 10
8290 · Building and Grounds	
8290.04 · Fire Insurance	450.00
8290.09 · Property Tax	1,737.96
8290.10 · Grounds Maintenance	15,636.43
8290.20 · Building Maintenance	23,300.06
8290.30 · Appliance Maintenance	544.13
Total 8290 · Building and Grounds	41,668.58
8295 · Furniture	
8295.10 · Furniture	6,183.24
8295.20 · Home Furnishings	3,378.93
8295.30 · Appliances	2,635.11
Total 8295 · Furniture	12,197.28
8296 · Fees and Interest	
8296.10 · Finance Charges	801.46
8296.20 · OCA Assessments	12,576.00
8296.30 · Interest expense - loans	725.95
8296.40 · Processing Fees	114.00
8296.50 · Late Charges	20.00
8296.60 · Membership Dues	225.00
8296.80 · Investment fees	36.01
Total 8296 · Fees and Interest	14,498.42
8300 · Travel & meetings expenses	
8310 · Transportation	7,424.74
8330 · Accomodations	2,560.25
Total 8300 · Travel & meetings expenses	9,984.99
8400 · Depreciation Expense	9,928.60
8500 · Misc expenses	
8550 · Gifts	216.29
8590 · Other expenses	165.00
Total 8500 · Misc expenses	381.29
8600 · Charity	
8600.10 · Charitable Giving	16,280.56
8600.20 · Food Pantry	3,219.92
8600 · Charity - Other	13,216.00
Total 8600 · Charity	32,716.48
Total Expense	419,141.17
Net Ordinary Income	42,813.04
Other Income/Expense	
Other Income	
6800 · Unrealized gain (loss)	
6810 · Realized gain(loss) - investm	62.56
6800 · Unrealized gain (loss) - Other	612.23
Total 6800 · Unrealized gain (loss)	674.79
Total Other Income	674.79
Net Other Income	674.79
Net Income	43,487.83

ST TIKHON's BOOKSTORE FINANCIAL STATEMENTS

1. Profit and Loss Statement for the Period January 1, 2008 through January 2, 2009
2. Profit and Loss Statement for the Period January through December 2009
3. Profit and Loss Statement for the Period January through December 2010

10:23 PM
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 Cash Basis

St. Tikhon's Bookstore
Profit & Loss
 January 1, 2008 through January 2, 2009

	Jan 1, '08 - Jan 2, 09
Ordinary Income/Expense	
Income	
Sales	
Merchandise	510,819.84
Service	107,500.00
Shipping and Handling	-1,027.74
Total Sales	617,292.10
Total Income	617,292.10
Gross Profit	617,292.10
Expense	
Automobile Expense	
Auto	3,288.77
Fuel	9,021.15
Total Automobile Expense	12,309.92
Bad Debt Expense	1,700.00
Bank Service Charges	1,125.02
Bank Services	
Fees	679.03
Interest Expense	20,597.76
Total Bank Services	21,276.79
Building	
Maintenance	344.38
Svetoch	
S - Real Estate Taxes	4,544.49
S - Use & Occupancy Tax	615.00
Security	827.10
Total Svetoch	5,986.59
Total Building	6,330.97
Charitable Contributions	11,550.00
Insurance	
Health Insurance	13,348.52
Liability Insurance	
S - Insurance	194.74
ST - Insurance	6,000.00
Total Liability Insurance	6,194.74
Total Insurance	19,543.26
Licenses and Permits	250.00
Marketing & Advertising	
S-Advertising	2,886.20
St - Advertising	1,275.00
Total Marketing & Advertising	4,161.20
Merchant Fees	7,519.85
Miscellaneous	4,529.13
Office Expenses	
Office Supplies	7,073.13
Postage and Delivery	37,421.55
Printing and Reproduction	38,777.51
Total Office Expenses	83,272.19
Payroll Expenses	
Bonus	2,500.00
S-Payroll	17,180.94
Short Term Staff	28,144.75
Payroll Expenses - Other	41,608.45
Total Payroll Expenses	89,434.14

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 Cash Basis

St. Tikhon's Bookstore
Profit & Loss
 January 1, 2008 through January 2, 2009

	Jan 1, '08 - Jan 2, 09
Professional Fees	
Accounting	3,700.00
Total Professional Fees	3,700.00
Projects	
Audio & Video	8,928.00
Iconography	75,552.29
Publishing	87,240.07
Website	1,350.00
Total Projects	173,070.36
Rent	
Svetoch	42,922.55
Total Rent	42,922.55
Stock	
Food & Beverage	90.00
Foreign Merchandise	22,001.19
US Stock	148,127.43
Total Stock	170,218.62
Taxes	15,829.58
Transfer	5,396.00
Travel	
Meals	1,209.44
Travel	2,486.60
Travel Insurance	104.00
Total Travel	3,800.04
Utilities	
Electric	
S-Electric	4,129.94
ST- Electric	11,049.82
Total Electric	15,179.76
Gas	
S - Gas	960.01
Total Gas	960.01
Heat	4,490.46
Internet	667.35
S - Area Maintenance	4,032.38
Telephone	
S-Telephone	2,928.08
ST-Telephone	4,817.57
Total Telephone	7,745.65
Trash	
S - Trash	928.00
Total Trash	928.00
Water	
S-Water	781.89
Total Water	781.89
Total Utilities	34,785.50
Total Expense	712,725.12
Net Ordinary Income	-95,433.02
Other Income/Expense	
Other Income	
Interest Income	25.03
Other Income	83,055.83
Total Other Income	83,080.86

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Cash Basis

St. Tikhon's Bookstore
Profit & Loss
January 1, 2008 through January 2, 2009

	<u>Jan 1, '08 - Jan 2, 09</u>
Other Expense	
Other Expenses	995.00
Total Other Expense	<u>995.00</u>
Net Other Income	<u>82,085.86</u>
Net Income	<u><u>-13,347.16</u></u>

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 Cash Basis

St. Tikhon's Bookstore
Profit & Loss
 January through December 2009

	Jan - Dec 09
Ordinary Income/Expense	
Income	
Sales	
Merchandise	587,736.42
Sales - Other	1,522.51
Total Sales	589,258.93
Total Income	589,258.93
Gross Profit	589,258.93
Expense	
Audit	1,885.00
Automobile Expense	
Auto	7,415.48
Fuel	14,596.80
Total Automobile Expense	22,012.28
Bad Debt Expense	627.33
Bank Service Charges	0.10
Bank Services	
Fees	60.00
Interest Expense	1,958.74
Bank Services - Other	42.00
Total Bank Services	2,060.74
Building	
Svetoch	
Security	1,911.00
Total Svetoch	1,911.00
Building - Other	2,000.00
Total Building	3,911.00
Candles	3,124.51
Charitable Contributions	460.00
Festivals	642.88
Insurance	
Health Insurance	5,510.00
Insurance - Other	113.94
Total Insurance	5,623.94
Merchant Fees	1,100.00
Miscellaneous	13,788.87
Office Expenses	
Office Supplies	9,987.21
Postage and Delivery	33,637.68
Printing and Reproduction	106,927.15
Office Expenses - Other	3,638.35
Total Office Expenses	154,190.39
Payroll Expenses	
Bonus	2,300.00
S-Payroll	525.00
Short Term Staff	1,487.25
Payroll Expenses - Other	55,480.37
Total Payroll Expenses	59,792.62
Professional Fees	
Services	639.50
Total Professional Fees	639.50

9:54 AM
 02/05/10
 Cash Basis

St. Tikhon's Bookstore
Profit & Loss
 January through December 2009

	Jan - Dec 09
Projects	
Audio & Video	992.93
Beekeeping	295.37
Candles	4,570.52
Cards	152.70
Iconography	7,546.23
Publishing	17,992.18
Vestments	11,160.53
Website	2,050.00
Wine	818.00
Projects - Other	200.00
Total Projects	45,778.46
Reconciliation Discrepancies	-1,140.59
Refund	82.30
Reimbursement	10,906.47
Rent	
Svetoch	5,000.00
Rent - Other	85,300.00
Total Rent	90,300.00
Stock	
Food & Beverage	9,289.34
Foreign Merchandise	16,625.16
US Stock	114,214.43
Total Stock	140,128.93
Taxes	12,562.81
Transfer	0.00
Travel	
Travel	2,395.45
Travel Insurance	0.00
Total Travel	2,395.45
Utilities	
Electric	
ST- Electric	4,281.89
Total Electric	4,281.89
Heat	2,247.64
Internet	9,011.67
Telephone	
S-Telephone	2,441.99
ST-Telephone	4,497.01
Telephone - Other	60.07
Total Telephone	6,999.07
Total Utilities	22,540.27
Total Expense	593,413.26
Net Ordinary Income	-4,154.33
Other Income/Expense	
Other Income	
Interest Income	38.75
Other Income	30,000.00
Total Other Income	30,038.75
Other Expense	
Other Expenses	-148.01
Total Other Expense	-148.01
Net Other Income	30,186.76
Net Income	26,032.43

11:39 AM
 01/14/11
 Accrual Basis

St. Tikhon's Bookstore
Profit & Loss
 January through December 2010

	Jan - Dec 10
Ordinary Income/Expense	
Income	
4000 · Sales	
4010 · Merchandise	626,336.36
4070 · Iconography Projects	101,300.00
Total 4000 · Sales	727,636.36
4100 · Sales Returns	-45.58
Total Income	727,590.78
Cost of Goods Sold	
5000 · Cost of Goods Sold	256,448.65
Total COGS	256,448.65
Gross Profit	471,142.13
Expense	
Building	
Maintenance	705.76
Total Building	705.76
6000 · Automobile Expense	
6010 · Auto Fuel	8,326.20
6020 · Auto Maintenance	950.13
6030 · Misc. Auto Expense	18.95
6040 · Auto Interest	371.36
Total 6000 · Automobile Expense	9,666.64
6100 · Insurance	
6110 · Health Insurance	3,861.00
6120 · Liability Insurance	28,300.00
Total 6100 · Insurance	32,161.00
6150 · Depreciation Expense	47,089.32
6200 · Marketing & Advertising	
6210 · St - Advertising	900.80
6200 · Marketing & Advertising - Other	493.03
Total 6200 · Marketing & Advertising	1,393.83
6300 · Office Expenses	
Postage Meter Lease	214.50
6340 · Office Supplies	18,063.31
6350 · Postage and Delivery	39,713.92
6360 · Printing and Reproduction	618.01
6300 · Office Expenses - Other	375.96
Total 6300 · Office Expenses	58,985.70
6400 · Projects	
6410 · Audio & Video	450.00
6420 · Beekeeping	603.80
6430 · Candles	1,505.39
6450 · Iconography	57,290.30
6460 · Publishing	2,025.00
6470 · Vestments	2,000.00
6480 · Website	300.00
6490 · Wine	2,809.94
6495 · Honey	30.90
Total 6400 · Projects	67,015.33
6500 · Payroll Expenses	
6510 · Employee Payroll	45,920.47
6515 · Payroll taxes	3,519.76
6520 · Bonus	1,350.00
6530 · Short Term Staff	1,575.00
6560 · S-Payroll	250.00
Total 6500 · Payroll Expenses	52,615.23

11:39 AM
 01/14/11
 Accrual Basis

St. Tikhon's Bookstore
Profit & Loss
 January through December 2010

	Jan - Dec 10
6600 · Professional Fees	
6610 · Accounting	280.50
6630 · Services	1,490.51
Total 6600 · Professional Fees	1,771.01
6650 · Taxes	
6650.20 · Sales Tax	12,441.19
Total 6650 · Taxes	12,441.19
66900 · Reconciliation Discrepancies	-3,547.73
6800 · Fees and Interest	
6810 · Interest Expense	91,278.93
6820 · Finance Charges	7,547.69
6860 · Merchant Fees	2,212.51
6800 · Fees and Interest - Other	84.51
Total 6800 · Fees and Interest	101,123.64
6900 · Utilities	
6910 · Telephone	
6910.10 · S-Telephone	330.18
6910.20 · ST-Telephone	6,970.28
6910 · Telephone - Other	147.38
Total 6910 · Telephone	7,447.84
6920 · Electric	
6920.20 · ST- Electric	7,172.28
Total 6920 · Electric	7,172.28
6940 · Heat	561.56
6950 · Internet	9.95
6980 · Water	100.00
Total 6900 · Utilities	15,291.63
7000 · Repairs	
7010 · Building Repairs	211.59
7020 · Computer Repairs	0.00
7030 · Equipment Repairs	1,086.91
Total 7000 · Repairs	1,298.50
7100 · Charitable Contributions	6,219.98
7600 · Food and Beverage Purchases	
7610 · Food & Beverage	2,667.14
7600 · Food and Beverage Purchases - Other	103.83
Total 7600 · Food and Beverage Purchases	2,770.97
7700 · Festivals	705.56
7800 · Furniture	2,455.00
Total Expense	410,162.56
Net Ordinary Income	60,979.57
Other Income/Expense	
Other Income	
4500 · Interest Income	33.76
Total Other Income	33.76
Net Other Income	33.76
Net Income	61,013.33

**ST TIKHON'S ORTHODOX THEOLOGICAL
SEMINARY
FINANCIAL STATEMENTS**

1. Financial Statements for the Ten Months Ended June 30, 2008 and Independent Auditors' Report and Additional Information
2. Financial Statements for the Year Ended June 30, 2009 and Independent Auditors' Report and Additional Information
3. Financial Statements and Supplementary Information June 30, 2010 and 2009

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

**FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED
JUNE 30, 2008
&
INDEPENDENT AUDITORS' REPORT
&
ADDITIONAL INFORMATION**

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PARENTERANDOLPH

The Power of Ideas

INDEPENDENT AUDITORS' REPORT

Board of Trustees
St. Tikhon's Orthodox Theological Seminary:

We have audited the accompanying statement of financial position of St. Tikhon's Orthodox Theological Seminary (the "Seminary") as of June 30, 2008, and the related statements of activities, changes in net assets, and cash flows for the ten month period then ended. These financial statements are the responsibility of the Seminary's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Tikhon's Orthodox Theological Seminary as of June 30, 2008, and the changes in its net assets and its cash flows for the ten month period then ended.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying additional information on page 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Parente Randolph, LLC

Scranton, Pennsylvania
October 27, 2008

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

<u>ASSETS</u>	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,257,447
Tuition receivable	<u>26,016</u>
Total current assets	1,283,463
PROPERTY AND EQUIPMENT, Net	854,828
INVESTMENTS	<u>894,869</u>
TOTAL	<u>\$3,033,160</u>
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:	
Current portion of long-term debt	\$ 47,090
Accounts payable	48,182
Deferred revenue	<u>57,603</u>
Total current liabilities	152,875
LONG-TERM DEBT	<u>149,835</u>
Total liabilities	<u>302,710</u>
NET ASSETS:	
Unrestricted:	
Undesignated	724,862
Board designated	<u>437,866</u>
Total unrestricted	1,162,728
Temporarily restricted	176,684
Permanently restricted	<u>1,391,038</u>
Total net assets	<u>2,730,450</u>
TOTAL	<u>\$3,033,160</u>

See Notes to Financial Statements

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF ACTIVITIES
FOR THE TEN MONTHS ENDED JUNE 30, 2008

CHANGES IN UNRESTRICTED NET ASSETS	
SUPPORT AND REVENUE:	
Contributions	\$ 433,215
Tuition	258,911
Bequests	155,974
Seminary choir	57,388
Contributed services	33,000
Miscellaneous	<u>1,569</u>
Total support and revenue	<u>940,057</u>
EXPENSES:	
Instructional	424,475
Administrative	239,944
Operations	187,967
Marketing	25,736
Student services	19,376
Library	14,265
Investment loss	12,251
Other	<u>680</u>
Total expenses	<u>924,694</u>
INCREASE IN UNRESTRICTED NET ASSETS	15,363
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS, Investment income	22,694
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS, Investment loss	<u>(11,115)</u>
INCREASE IN NET ASSETS	<u>\$ 26,942</u>

See Notes to Financial Statements

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE TEN MONTHS ENDED JUNE 30, 2008**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
NET ASSETS, AUGUST 31, 2007	\$ 1,147,365	\$ 153,990	\$ 1,402,153	\$ 2,703,508
INCREASE IN UNRESTRICTED NET ASSETS	15,363			15,363
INVESTMENT INCOME (LOSS)		22,694	(11,115)	11,579
NET CHANGES IN NET ASSETS	15,363	22,694	(11,115)	26,942
NET ASSETS, JUNE 30, 2008	\$ 1,162,728	\$ 176,684	\$ 1,391,038	\$ 2,730,450

See Notes to Financial Statements

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF CASH FLOWS
FOR THE TEN MONTHS ENDED JUNE 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 26,942
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	33,072
Net realized and unrealized losses on investments	60,863
Changes in assets and liabilities:	
Tuition receivable	3,715
Prepaid expenses	20,208
Accounts payable	40,435
Deferred revenue	<u>(6,125)</u>
Net cash provided by operating activities	<u>179,110</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	(451,857)
Proceeds from sale of investments	155,486
Purchase of property and equipment	<u>(57,001)</u>
Net cash used in investing activities	<u>(353,372)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayment of long-term debt	(37,109)
Repayment of demand notes payable	<u>(18,457)</u>
Net cash used in financing activities	<u>(55,566)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(229,828)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,487,275</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$1,257,447</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION,	
Interest paid	<u>\$ 11,274</u>

See Notes to Financial Statements

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY
NOTES TO FINANCIAL STATEMENTS

**1. NATURE OF OPERATIONS AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES**

NATURE OF OPERATIONS

St. Tikhon's Orthodox Theological Seminary (the "Seminary") was founded in 1938 as a Pastoral School by resolution of the 6th All-American Sobor of the Russian Orthodox Greek Catholic Church in North America and was officially transformed from a Pastoral School into a Seminary by the Holy Synod of the Metropolis in 1942.

The Seminary is an institution of professional Orthodox Christian theological education, chartered by the Department of Education of the Commonwealth of Pennsylvania and affiliated with the Orthodox Church in America. The primary mission of the Seminary lies in providing the necessary theological, liturgical, spiritual, and moral foundations for Orthodox men to become, as God so wills, good shepherds of His Holy Orthodox Church.

CHANGE IN FISCAL YEAR

Effective September 1, 2007, the Seminary elected to change its fiscal year end to June 30.

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 revenues and expenses during the reporting period. Accordingly, 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.

TUITION RECEIVABLE

Tuition receivable is reported at net realizable value. There is no provision for doubtful accounts as management believes all amounts are collectible.

INVESTMENTS AND INVESTMENT RISK

Investments in marketable equity securities are valued at fair value based upon quoted market prices of the underlying securities. The carrying amount of cash and short-term investments approximates fair value.

Investment income or loss (including realized gains and losses on investments, unrealized gains or losses on other than trading securities, write-downs of the cost basis of investments due to an other-than-temporary decline in fair value, interest, and dividends) is included in the statement of activities unless the income or loss is restricted by donor or law.

The Seminary's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statement 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.

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. Depreciation was \$33,072 in 2008.

Gifts of long-lived assets such as land, buildings or equipment are reported as unrestricted support 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 restricted support. 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.

DEFERRED REVENUE

Tuition received in advance of the ensuing school year is recorded as deferred revenue until earned.

TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are those whose use by the Seminary has been limited by donors to a specific time period or purpose. Income earned is unrestricted in use, except for amounts designated to be expended for a particular purpose.

Permanently restricted net assets have been restricted by donors to be maintained by the Seminary in perpetuity. Income earned is unrestricted in use, except for amounts designated to be expended for a particular purpose.

CONTRIBUTED SERVICES

For the ten months ended June 30, 2008, the Seminary recorded contributions in the amount of \$33,000, for the services performed by priests in the classroom as part-time uncompensated faculty. These amounts represent the estimated compensation that would have to be paid to a faculty member providing services for compensation at the Seminary's pay scale in effect for that period.

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 either temporarily or permanently 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, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions.

INCOME TAXES

The Seminary 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 their exempt income under Section 501(a) of the Code.

2. PROPERTY AND EQUIPMENT AND ACCUMULATED DEPRECIATION

Property and equipment and accumulated depreciation as of June 30, 2008 are as follows:

Land	\$ 70,601
Buildings and improvements	1,477,068
Furniture	87,230
Equipment	<u>76,191</u>
Total	1,711,090
Less accumulated depreciation	<u>856,262</u>
Property and equipment, net	<u>\$ 854,828</u>

3. INVESTMENTS

The composition of investments as of June 30, 2008 is as follows:

Money market	\$621,178
Marketable equity securities	<u>273,691</u>
Total	<u>\$894,869</u>

Investment income for cash and cash equivalents and investments is comprised of the following for the ten month period ended June 30, 2008:

Interest and dividend income	\$ 60,191
Realized and unrealized losses on investments	<u>(60,863)</u>
Total	<u>\$ (672)</u>

4. LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2008:

Mortgage payable, with interest at 6%. Monthly principal and interest payments of \$4,804 are due through April 2012, collateralized by a first lien on real estate	\$196,925
Less current portion	<u>47,090</u>
Long-term debt	<u>\$149,835</u>

Scheduled principal repayments for periods subsequent to June 30, 2008 are as follows:

<u>YEARS ENDING JUNE 30:</u>	<u>AMOUNT</u>
2009	\$ 47,090
2010	50,000
2011	53,090
2012	<u>46,745</u>
Total	<u>\$196,925</u>

5. PENSION PLAN

The Seminary participates in the Orthodox Church in America Pension Plan. The plan covers all Bishops and Priests and all full-time lay persons electing to be covered by the plan. The plan is a defined benefit plan, which requires a mandatory 12% contribution on behalf of all participating members. The vesting schedule is as follows:

<u>YEARS OF SERVICE</u>	<u>VESTED PERCENTAGE</u>
5	10%
6	20%
7	30%
8	40%
9	50%
10	60%
11	70%
12	80%
13	90%
14 or more	100%

Pension expense was \$36,470 for the ten months ended June 30, 2008.

The Plan administrator is the Pension Board comprised of not less than three (3) persons appointed by the Church. A valuation of the plan is required at least once every three years by an enrolled actuary as defined under the Employee Retirement Income Security Act ("ERISA") to determine the contributions needed to maintain the plan on a sound actuarial basis. The contributions needed to support the plan shall be changed from time to time based upon the results of these valuations.

6. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2008 consist of the following:

Restricted for:	
Scholarships	\$ 60,241
General endowments	<u>116,443</u>
Total	<u>\$ 176,684</u>

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY
NOTES TO FINANCIAL STATEMENTS

Permanently restricted net assets at June 30, 2008 consist of the following:

Scholarships	\$ 725,087
General endowments	<u>665,951</u>
Total	<u>\$1,391,038</u>

7. FUNCTIONAL EXPENSES

The Seminary provides theological teachings to individuals within its geographic location. Expenses related to providing these services for 2008 are as follows (in thousands):

Program services	\$ 672
General and administrative	240
Other	<u>13</u>
Total	<u>\$ 925</u>

8. CONTINGENCIES

As a not-for-profit corporation in the Commonwealth of Pennsylvania, the Seminary qualifies for an exemption from real property taxes; however, a number of cities, municipalities, and school districts in the Commonwealth of Pennsylvania have started and continue to challenge the real estate tax exemption of not-for-profit corporations. The possible future effects of this matter, if any, are not presently determinable.

The Seminary primarily maintains its cash and investments with financial institutions. The Federal Deposit Insurance Corporation ("FDIC") insures accounts to \$100,000 at each institution. The Seminary generally has cash on deposit in excess of insured amounts. As of June 30, 2008, the Seminary has approximately \$690,000 of uninsured cash and investments.

9. SUBSEQUENT EVENT

On October 3, 2008, the FDIC increased its insurance coverage on cash and investments to \$250,000. This is a temporary increase and will return to \$100,000 on January 1, 2010.

Subsequent to June 30, 2008, events in financial markets have led to declines in the fair value of investment securities. As a result, the fair value of the Seminary's investment securities has been subject to price volatility and short-term liquidity risks which may effect future investment valuations.

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

SCHEDULE OF EXPENSES
FOR THE TEN MONTHS ENDED JUNE 30, 2008

INSTRUCTIONAL:	
Faculty wages	\$ 228,037
Employee benefits	92,972
Donated services	33,000
Travel	31,700
Pension	20,523
Payroll taxes	<u>18,243</u>
Total instruction	<u>\$ 424,475</u>
ADMINISTRATIVE:	
Staff wages	\$ 110,784
Employee benefits	32,626
Automobile	27,662
Professional fees	18,908
Pension	15,947
Office supplies	10,570
Conferences	8,768
Payroll taxes	7,957
Dues and subscriptions	3,407
Equipment lease	2,969
Interest	<u>346</u>
Total administrative	<u>\$ 239,944</u>
OPERATIONS:	
Utilities	\$ 72,221
Insurance	40,151
Depreciation	33,072
Repairs and maintenance	17,979
Interest	10,928
Telephone	7,882
Trash removal	5,518
Real estate taxes	<u>216</u>
Total operations	<u>\$ 187,967</u>

See Notes to Financial Statements

Board of Trustees
St. Tikhon's Orthodox Theological Seminary:

We have audited the financial statements of St. Tikhon's Orthodox Theological Seminary (the "Seminary") for the ten months ended June 30, 2008, and have issued our report thereon dated October 27, 2008. Professional standards require that we provide you with the following information related to our audit.

**OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED
IN THE UNITED STATES OF AMERICA**

As stated in our engagement letter dated September 4, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Seminary. Such considerations were solely for the purpose of determining our audit procedures and not to provide assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on September 4, 2008.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Seminary are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the ten months ended June 30, 2008. We noted no transactions entered into by the Seminary during the period for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no particularly sensitive estimates related to the preparation of the Seminary's financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected And Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the attached management representation letter dated October 27, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Seminary's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to our retention as the Seminary's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the information and use of the Board of Trustees and management of St Tikhon's Orthodox Theological Seminary and is not intended to be and should not be used by anyone other than these specified parties.

Parente Randolph, LLC

Scranton, Pennsylvania
October 27, 2008

ParenteBeard LLC

St. Tikhon's Orthodox Theological Seminary

Financial Statements
For The Year Ended
June 30, 2009

&

Independent Auditors' Report

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Additional Information

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
St. Tikhon's Orthodox Theological Seminary:

We have audited the accompanying statement of financial position of St. Tikhon's Orthodox Theological Seminary (the "Seminary") as of June 30, 2009, and the related statements of activities, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Seminary's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Tikhon's Orthodox Theological Seminary as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying additional information on page 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ParenteBeard LLC

Scranton, Pennsylvania
October 29, 2009

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

<u>ASSETS</u>	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,445,806
Tuition receivable	32,390
Due from affiliate	4,065
Prepaid expenses	<u>12,247</u>
Total current assets	1,494,508
PROPERTY AND EQUIPMENT, Net	815,587
INVESTMENTS	<u>952,352</u>
TOTAL	<u>\$ 3,262,447</u>
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:	
Current portion of long-term debt	\$ 50,000
Accounts payable	5,293
Student deposits	7,056
Payroll taxes payable	<u>8,026</u>
Total current liabilities	70,375
LONG-TERM DEBT	<u>99,903</u>
Total liabilities	<u>170,278</u>
NET ASSETS:	
Unrestricted:	
Undesignated	854,919
Board designated	<u>403,835</u>
Total unrestricted	1,258,754
Temporarily restricted	442,377
Permanently restricted	<u>1,391,038</u>
Total net assets	<u>3,092,169</u>
TOTAL	<u>\$ 3,262,447</u>

See Notes to Financial Statements

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

CHANGES IN UNRESTRICTED NET ASSETS:

SUPPORT AND REVENUE:

Contributions	\$ 510,561
Tuition	283,256
Bequests	197,843
Mission choir donations	70,921
Contributed services	35,000
Investment income	31,703
Miscellaneous	<u>5,858</u>

Total support and revenue 1,135,142

EXPENSES:

Instructional	528,444
Administrative	265,344
Operations	184,891
Student services	25,508
Fundraising	19,386
Library	<u>15,543</u>

Total expenses 1,039,116

INCREASE IN UNRESTRICTED NET ASSETS 96,026

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:

Investment income	59,978
Scholarship contributions	<u>205,715</u>

INCREASE IN TEMPORARILY RESTRICTED NET ASSETS 265,693

INCREASE IN NET ASSETS \$ 361,719

See Notes to Financial Statements

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
NET ASSETS, JUNE 30, 2008	\$ 1,162,728	\$ 176,684	\$ 1,391,038	\$ 2,730,450
INCREASE IN NET ASSETS	<u>96,026</u>	<u>265,693</u>	-	<u>361,719</u>
NET ASSETS, JUNE 30, 2009	<u>\$ 1,258,754</u>	<u>\$ 442,377</u>	<u>\$ 1,391,038</u>	<u>\$ 3,092,169</u>

See Notes to Financial Statements

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 361,719
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	39,241
Net realized and unrealized gains on investments	(31,153)
Changes in assets and liabilities:	
Tuition receivable	(6,374)
Prepaid expenses	(12,247)
Due from affiliate	(4,065)
Accounts payable	(34,862)
Deferred revenue	(57,604)
Student deposits	7,056
	<hr/>
Net cash provided by operating activities	261,711
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	(913,884)
Proceeds from sale of investments	887,554
	<hr/>
Net cash used in investing activities	(26,330)
CASH FLOWS FROM FINANCING ACTIVITIES,	
Repayment of long-term debt	(47,022)
	<hr/>
INCREASE IN CASH AND CASH EQUIVALENTS	188,359
CASH AND CASH EQUIVALENTS, BEGINNING	1,257,447
	<hr/>
CASH AND CASH EQUIVALENTS, ENDING	\$ 1,445,806
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION,	
Interest paid	\$ 10,622
	<hr/>

See Notes to Financial Statements

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

St. Tikhon's Orthodox Theological Seminary (the "Seminary") was founded in 1938 as a Pastoral School by resolution of the 6th All-American Sobor of the Russian Orthodox Greek Catholic Church in North America and was officially transformed from a Pastoral School into a Seminary by the Holy Synod of the Metropolis in 1942.

The Seminary is an institution of professional Orthodox Christian theological education, chartered by the Department of Education of the Commonwealth of Pennsylvania and affiliated with the Orthodox Church in America. The primary mission of the Seminary lies in providing the necessary theological, liturgical, spiritual, and moral foundations for Orthodox men to become, as God so wills, good shepherds of His Holy Orthodox Church.

The Seminary evaluated subsequent events for recognition or disclosure through October 29, 2009, 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 revenues and expenses during the reporting period. Accordingly, 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.

TUITION RECEIVABLE

Tuition receivable is reported at net realizable value. There is no provision for doubtful accounts as management believes all amounts are collectible.

INVESTMENTS AND INVESTMENT RISK

Investments in marketable equity securities and mutual funds are carried at fair value based upon quoted market prices of the underlying securities. The carrying amount of cash and short-term investments approximates fair value.

Investment income or loss (including realized gains and losses on investments, unrealized gains or losses on other than trading securities, write-downs of the cost basis of investments due to an other-than-temporary decline in fair value, interest, and dividends) is included in the statement of activities unless the income or loss is restricted by donor or law.

The Seminary's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statement 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.

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. Depreciation was \$39,241 in 2009.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support 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 restricted support. 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.

TUITION REVENUE RECOGNITION

Tuition revenue is recorded in the year earned. Tuition received in advance of the ensuing school year is recorded as deferred revenue until earned.

TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are those whose use by the Seminary has been limited by donors to a specific time period or purpose. Income earned is unrestricted in use, except for amounts designated to be expended for a particular purpose.

Permanently restricted net assets have been restricted by donors to be maintained by the Seminary in perpetuity. Income earned is unrestricted in use, except for amounts designated to be expended for a particular purpose. The net depreciation of investments classified as permanently restricted reduces unrestricted net assets. Any future gains will be used to restore the cumulative deficiency within unrestricted net assets. Once unrestricted net assets have been fully restored, net appreciation will be recorded within either temporarily or permanently restricted net assets, as required by the donor's restriction.

CONTRIBUTED SERVICES

For the year ended June 30, 2009, the Seminary recorded contributions in the amount of \$35,000, for the services performed by priests in the classroom as part-time uncompensated faculty. These amounts represent the estimated compensation that would have to be paid to a faculty member providing services for compensation at the Seminary's pay scale in effect for that period.

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 either temporarily or permanently 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, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions.

INCOME TAXES

The Seminary 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 their exempt income under Section 501(a) of the Code.

The Seminary applies the provisions of FASB Statement No. 5, *Accounting for Contingencies*, for recognition of uncertain tax benefits. Accordingly, a provision for uncertain tax positions and related penalties and interest is recognized when it is probable that a liability was incurred and the amount can be reasonably estimated. Critical estimates with respect to income taxes are disclosed when it is at least reasonably possible that a change in estimate will occur in the near term.

NEW ACCOUNTING PRONOUNCEMENTS

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*, ("SFAS 157") which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value. The provisions of SFAS 157 relating to financial assets and liabilities are effective for fiscal years beginning after November 15, 2007. The Seminary adopted the provisions of SFAS 157 related to financial assets and liabilities on July 1, 2008 with no effect to its financial position, results of activities or cash flows.

The Seminary adopted Statement of Financial Accounting Standards No. 165, "Subsequent Events" ("SFAS 165") as of June 30, 2009. SFAS 165 established general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The adoption of SFAS 165 did not have a material effect on the Company's financial statements.

In June 2006, FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes 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. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure. FIN 48 was generally effective for annual periods beginning after December 15, 2007 for nonpublic entities. However, in accordance with FASB FSP FIN 48-3, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises", the Seminary elected to defer the application of FIN 48 until its 2010 fiscal year. The Seminary does not believe the adoption of FIN 48 will have a material effect on its financial statements.

The Seminary also adopted FASB Staff Position FAS 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" ("FSP FAS 117-1") on July 1, 2008. FSP FAS 117-1 provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. FSP FAS 117-1 also requires additional disclosures about endowments (both donor-restricted funds and board-designated funds) for all organizations, including those that are not yet subject to an enacted version of UPMIFA. The adoption of FSP FAS 117-1 did not have a material effect on the Seminary's financial position, changes in net assets, or cash flows.

2. PROPERTY AND EQUIPMENT AND ACCUMULATED DEPRECIATION

Property and equipment and accumulated depreciation as of June 30, 2009 are as follows:

Land	\$ 70,601
Buildings and improvements	1,477,068
Furniture	87,230
Equipment	<u>76,191</u>
Total	1,711,090
Less accumulated depreciation	<u>895,503</u>
Property and equipment, net	<u>\$ 815,587</u>

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The composition of investments as of June 30, 2009 is as follows:

Money market	\$677,883
Marketable equity securities	272,503
Mutual funds	<u>1,966</u>
Total	<u>\$952,352</u>

Investment income for cash and cash equivalents and investments is comprised of the following for the year ended June 30, 2009:

Interest and dividend income	\$ 60,528
Realized and unrealized gains on investments	<u>31,153</u>
Total	<u>\$ 91,681</u>

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY
 NOTES TO FINANCIAL STATEMENTS

As discussed in Note 1, the Seminary adopted SFAS 157 on January 1, 2008. SFAS 157 defines fair value as an exit price representing the amount that would be received to sell an asset or settle a liability in an orderly transaction between market participants. It also establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. The hierarchy 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.

A financial 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 following table sets forth the Seminary's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as of June 30, 2009:

<u>DESCRIPTION</u>	<u>TOTAL</u>	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>
Money market	\$677,883	\$677,883	\$ -	\$ -
Marketable equity securities	272,503	272,503		
Mutual funds	<u>1,966</u>	<u>1,966</u>		
Total	<u>\$952,352</u>	<u>\$952,352</u>	<u>\$ -</u>	<u>\$ -</u>

Investments are measured at fair value using unadjusted quoted prices in active markets.

4. LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2009:

Mortgage payable, with interest at 6%. Monthly principal and interest payments of \$4,804 are due through April 2012, collateralized by a first lien on real estate	\$149,903
Less current portion	<u>(50,000)</u>
Long-term debt	<u>\$ 99,903</u>

Scheduled principal repayments for periods subsequent to June 30, 2009 are as follows:

<u>YEARS ENDING JUNE 30:</u>	<u>AMOUNT</u>
2010	\$ 50,000
2011	53,090
2012	<u>46,813</u>
Total	<u>\$149,903</u>

5. PENSION PLAN

The Seminary participates in the Orthodox Church in America Pension Plan. The plan covers all Bishops and Priests and all full-time lay persons electing to be covered by the plan. The plan is a defined benefit plan, which requires a mandatory 12% contribution on behalf of all participating members. The vesting schedule is as follows:

<u>YEARS OF SERVICE</u>	<u>VESTED PERCENTAGE</u>
5	10%
6	20%
7	30%
8	40%
9	50%
10	60%
11	70%
12	80%
13	90%
14 or more	100%

Pension expense was \$37,705 for the year ended June 30, 2009.

The Plan administrator is the Pension Board comprised of not less than three (3) persons appointed by the Church. A valuation of the plan is required at least once every three years by an enrolled actuary as defined under the Employee Retirement Income Security Act ("ERISA") to determine the contributions needed to maintain the plan on a sound actuarial basis. The contributions needed to support the plan shall be changed from time to time based upon the results of these valuations.

6. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2009 consist of the following:

Restricted for:	
Scholarships	\$ 273,070
General endowments	<u>169,307</u>
Total	<u>\$ 442,377</u>

Permanently restricted net assets at June 30, 2009 consist of the following:

Restricted for:	
Scholarships	\$ 725,087
General endowments	<u>665,951</u>
Total	<u>\$1,391,038</u>

7. ENDOWMENT FUNDS

The Seminary's endowment consists of numerous individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Seminary has interpreted Pennsylvania law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Seminary classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the 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 either temporarily restricted or unrestricted net assets based on the existence of donor restrictions or by law.

The Seminary considers various factors in making a determination to appropriate or accumulate donor-restricted endowment funds, including the duration and preservation of the fund, the purposes of the Seminary and the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, the investment policies of the Seminary, and other resources of the Seminary.

The Seminary has adopted 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 Seminary must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce a total return, net of all fees and expenses, equal to or exceeding the spending rate plus the rate of inflation, as measured by the Consumer Price Index while incurring only a reasonable and prudent level of investment risk. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Seminary 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 Seminary targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The Seminary has a policy of appropriating for distribution accumulated income and net appreciation of investments as approved by the Board of Trustees. This policy is consistent with the Seminary's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term as well as to provide additional real growth through new gifts and investment return.

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY
 NOTES TO FINANCIAL STATEMENTS

Endowment net asset composition by type of fund as of June 30, 2009:

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Donor-restricted endowment funds	\$ (16,771)	\$442,377	\$1,391,038	\$1,816,644
Board-designated endowment funds	<u>403,835</u>	-	-	<u>403,835</u>
Total endowment funds	<u>\$ 387,064</u>	<u>\$442,377</u>	<u>\$1,391,038</u>	<u>\$2,220,479</u>

Changes in endowment net assets in 2009 were as follows:

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Endowment net assets, July 1, 2008	<u>\$437,866</u>	<u>\$ 176,684</u>	<u>\$1,391,038</u>	<u>\$2,005,588</u>
Investment return:				
Investment income	31,162	59,978		91,140
Net realized and unrealized losses	<u>8,158</u>	<u>22,995</u>	-	<u>31,153</u>
Total investment return	<u>39,320</u>	<u>59,978</u>	-	<u>99,298</u>
Contributions	-	<u>205,715</u>	-	<u>205,715</u>
Appropriation of endowment assets for expenditure (spending policy)	<u>(73,351)</u>	-	-	<u>(73,351)</u>
Endowment net assets, June 30, 2009	<u>\$403,835</u>	<u>\$ 442,377</u>	<u>\$1,391,038</u>	<u>\$2,237,250</u>

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 law requires the Seminary to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature that are reported in unrestricted net assets were \$16,771 as of June 30, 2009. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions.

8. FUNCTIONAL EXPENSES

The Seminary provides theological teachings to individuals within its geographic area. Expenses related to providing these services for 2009 are as follows (in thousands):

Program services	\$ 755
General and administrative	265
Fundraising	<u>19</u>
Total	<u>\$1,039</u>

8. CONTINGENCIES

As a not-for-profit corporation in the Commonwealth of Pennsylvania, the Seminary qualifies for an exemption from real property taxes; however, a number of cities, municipalities, and school districts in the Commonwealth of Pennsylvania have started and continue to challenge the real estate tax exemption of not-for-profit corporations. The possible future effects of this matter, if any, are not presently determinable.

9. CONCENTRATIONS

The Seminary primarily maintains its cash and investments with financial institutions. The Federal Deposit Insurance Corporation ("FDIC") insures accounts to \$250,000 at each institution. The Seminary generally has cash on deposit in excess of insured amounts.

ST. TIKHON'S ORTHODOX THEOLOGICAL SEMINARY

**SCHEDULE OF INSTRUCTIONAL, ADMINISTRATIVE,
AND OPERATIONS EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009**

INSTRUCTIONAL:	
Faculty wages	\$ 292,744
Employee benefits	114,651
Donated services	35,000
Pension	31,482
Travel	30,030
Payroll taxes	24,049
Faculty housing	<u>488</u>
Total instructional	<u>\$ 528,444</u>
ADMINISTRATIVE:	
Staff wages	\$ 99,958
Automobile	32,132
Professional fees	31,598
Office supplies	19,274
Travel	12,942
Payroll taxes	8,189
Pension	6,223
Conferences	4,940
Equipment lease	4,263
Dues and subscriptions	3,429
Interest	104
Employee benefits	<u>42,292</u>
Total administrative	<u>\$ 265,344</u>
OPERATIONS:	
Utilities	\$ 65,432
Depreciation	39,241
Insurance	37,806
Repairs and maintenance	19,046
Interest	10,622
Telephone	9,111
Trash removal	<u>3,633</u>
Total operations	<u>\$ 184,891</u>

See Notes to Financial Statements

**St. Tikhon's Orthodox
Theological Seminary**

Financial Statements and
Supplementary Information

June 30, 2010 and 2009

St. Tikhon's Orthodox Theological Seminary

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June 30, 2010 and 2009

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Independent Auditors' Report

Board of Directors
St. Tikhon's Orthodox Theological Seminary

We have audited the accompanying statement of financial position of St. Tikhon's Orthodox Theological Seminary (the "Seminary") as of June 30, 2010 and 2009, and the related statements of activities, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Seminary's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Tikhon's Orthodox Theological Seminary as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying additional information on page 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Wilkes-Barre, Pennsylvania
October 28, 2010

St. Tikhon's Orthodox Theological Seminary

Statement of Financial Position
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 620,451	\$ 509,471
Tuition receivable	8,489	32,390
Due from affiliate	3,000	4,065
Prepaid expenses	-	12,247
Total current assets	631,940	558,173
Property and Equipment, Net	779,120	815,587
Certificates of Deposit	954,842	936,335
Investments	1,025,367	952,352
Total assets	<u>\$ 3,391,269</u>	<u>\$ 3,262,447</u>
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	\$ 50,000	\$ 50,000
Accounts payable	31,144	5,293
Student deposits	1,710	7,056
Payroll taxes payable	-	8,026
Total current liabilities	82,854	70,375
Long-Term Debt	49,860	99,903
Total liabilities	<u>132,714</u>	<u>170,278</u>
Net Assets		
Unrestricted:		
Undesignated	938,420	854,919
Board designated	370,311	403,835
Total unrestricted	1,308,731	1,258,754
Temporarily restricted	558,786	442,377
Permanently restricted	1,391,038	1,391,038
Total net assets	<u>3,258,555</u>	<u>3,092,169</u>
Total liabilities and net assets	<u>\$ 3,391,269</u>	<u>\$ 3,262,447</u>

See notes to financial statements

St. Tikhon's Orthodox Theological Seminary

Statement of Activities

Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Changes In Unrestricted Net Assets		
Support And Revenue		
Contributions	\$ 439,175	\$ 510,561
Tuition	285,536	283,256
Bequests	238,468	197,843
Mission choir donations	50,361	70,921
Contributed services	35,000	35,000
Investment income	43,062	31,703
Miscellaneous	11,732	5,858
	<u>1,103,334</u>	<u>1,135,142</u>
Expenses		
Instructional	514,873	528,444
Administrative	285,056	265,344
Operations	196,378	184,891
Student services	43,607	25,508
Fundraising	-	19,386
Library	13,443	15,543
	<u>1,053,357</u>	<u>1,039,116</u>
Total expenses	<u>1,053,357</u>	<u>1,039,116</u>
Increase in unrestricted net assets	<u>49,977</u>	<u>96,026</u>
Changes in Temporarily Restricted Net Assets		
Investment income	45,650	59,978
Scholarship contributions	70,759	205,715
	<u>116,409</u>	<u>265,693</u>
Increase in temporarily restricted net assets	<u>116,409</u>	<u>265,693</u>
Increase in net assets	<u>\$ 166,386</u>	<u>\$ 361,719</u>

See notes to financial statements

St. Tikhon's Orthodox Theological Seminary

Statement of Changes in Net Assets
Years Ended June 30, 2010 and 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net Assets, June 30, 2008	\$ 1,162,728	\$ 176,684	\$ 1,391,038	\$ 2,730,450
Increase in Net Assets	<u>96,026</u>	<u>265,693</u>	<u>-</u>	<u>361,719</u>
Net Assets, June 30, 2009	<u>1,258,754</u>	<u>442,377</u>	<u>1,391,038</u>	<u>3,092,169</u>
Increase in Net Assets	<u>49,977</u>	<u>116,409</u>	<u>-</u>	<u>166,386</u>
Net Assets, June 30, 2010	<u>\$ 1,308,731</u>	<u>\$ 558,786</u>	<u>\$ 1,391,038</u>	<u>\$ 3,258,555</u>

See notes to financial statements

St. Tikhon's Orthodox Theological Seminary

Statement of Cash Flows

Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 166,386	\$ 361,719
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	37,105	39,241
Net realized and unrealized gains on investments	(55,397)	(31,153)
Changes in assets and liabilities:		
Tuition receivable	23,901	(6,374)
Prepaid expenses	12,247	(12,247)
Due from affiliate	1,065	(4,065)
Accounts payable	(17,825)	(34,862)
Deferred revenue	-	(57,604)
Student deposits	(5,346)	7,056
Net cash provided by operating activities	<u>162,136</u>	<u>261,711</u>
Cash Flows from Investing Activities		
Purchase of investments	(716,831)	(899,946)
Proceeds from sale of investments	715,718	887,554
Increase in certificates of deposit	<u>(18,507)</u>	<u>(15,715)</u>
Net cash used in investing activities	<u>(1,113)</u>	<u>(28,107)</u>
Cash Flows from Financing Activities		
Repayment of long-term debt	<u>(50,043)</u>	<u>(47,022)</u>
Increase in cash and cash equivalents	110,980	186,582
Cash and Cash Equivalents, Beginning	<u>509,471</u>	<u>322,889</u>
Cash and Cash Equivalents, Ending	<u>\$ 620,451</u>	<u>\$ 509,471</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 7,602</u>	<u>\$ 10,622</u>

See notes to financial statements

St. Tikhon's Orthodox Theological Seminary

Notes to Financial Statements
June 30, 2010 and 2009

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

St. Tikhon's Orthodox Theological Seminary (the "Seminary") was founded in 1938 as a Pastoral School by resolution of the 6th All-American Sobor of the Russian Orthodox Greek Catholic Church in North America and was officially transformed from a Pastoral School into a Seminary by the Holy Synod of the Metropolis in 1942.

The Seminary is an institution of professional Orthodox Christian theological education, chartered by the Department of Education of the Commonwealth of Pennsylvania and affiliated with the Orthodox Church in America. The primary mission of the Seminary lies in providing the necessary theological, liturgical, spiritual, and moral foundations for Orthodox men to become, as God so wills, good shepherds of His Holy Orthodox Church.

The Seminary evaluated subsequent events for recognition or disclosure through October 28, 2010, 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 revenues and expenses during the reporting period. Accordingly, 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.

Tuition Receivable

Tuition receivable is reported at net realizable value. There is no provision for doubtful accounts as management believes all amounts are collectible.

Certificates of Deposit

Certificates of deposit are recorded at cost.

Investments and Investment Risk

Investments in marketable equity securities and mutual funds are carried at fair value based upon quoted market prices of the underlying securities. The carrying amount of cash and money market funds approximates fair value based on the short-term nature of these investments.

Investment income or loss (including realized gains and losses on investments, unrealized gains or losses on other than trading securities, write-downs of the cost basis of investments due to an other-than-temporary decline in fair value, interest, and dividends) is included in the statement of activities unless the income or loss is restricted by donor or law.

St. Tikhon's Orthodox Theological Seminary

Notes to Financial Statements
June 30, 2010 and 2009

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

The Seminary's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statement 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.

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. Depreciation was \$37,105 in 2010 and \$39,241 in 2009.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support 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 restricted support. 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.

Tuition Revenue Recognition

Tuition revenue is recorded in the year earned. Tuition received in advance of the ensuing school year is recorded as deferred revenue until earned.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Seminary has been limited by donors to a specific time period or purpose. Income earned is unrestricted in use, except for amounts designated to be expended for a particular purpose.

Permanently restricted net assets have been restricted by donors to be maintained by the Seminary in perpetuity. Income earned is unrestricted in use, except for amounts designated to be expended for a particular purpose. The net depreciation of investments classified as permanently restricted reduces unrestricted net assets. Any future gains will be used to restore the cumulative deficiency within unrestricted net assets. Once unrestricted net assets have been fully restored, net appreciation will be recorded within either temporarily or permanently restricted net assets, as required by the donor's restriction.

Contributed Services

For the year ended June 30, 2010 and 2009, the Seminary recorded contributions in the amount of \$35,000 for the services performed by priests in the classroom as part-time uncompensated faculty. These amounts represent the estimated compensation that would have to be paid to a faculty member providing services for compensation at the Seminary's pay scale in effect for that period.

St. Tikhon's Orthodox Theological Seminary

Notes to Financial Statements

June 30, 2010 and 2009

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

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 either temporarily or permanently 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, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions.

Income Taxes

The Seminary 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 Seminary 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 2010 and 2009.

On July 1, 2009, the Seminary adopted the most recent authoritative guidance regarding income taxes and disclosure of uncertain tax positions. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This guidance also provides requirements for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. This adoption did not have an impact on the Seminary's financial statements.

Reclassification

Certain amounts relating to 2009 have been reclassified to conform to the 2010 reporting format.

St. Tikhon's Orthodox Theological Seminary

Notes to Financial Statements

June 30, 2010 and 2009

2. Property and Equipment and Accumulated Depreciation

Property and equipment and accumulated depreciation as of June 30 are as follows:

	<u>2010</u>	<u>2009</u>
Land	\$ 70,601	\$ 70,601
Buildings and improvements	1,477,706	1,477,068
Furniture	87,230	87,230
Equipment	76,191	76,191
Total	<u>1,711,728</u>	<u>1,711,090</u>
Less accumulated depreciation	<u>932,608</u>	<u>895,503</u>
Property and equipment, net	<u>\$ 779,120</u>	<u>\$ 815,587</u>

3. Investments and Fair Value Measurements

The composition of investments is as follows at June 30:

	<u>2010</u>	<u>2009</u>
Money market	\$ 316,182	\$ 677,883
Marketable equity securities:		
Medical – drugs	68,265	25,000
Computers – integrated systems	120,794	33,813
Energy	112,723	15,605
Various other sectors	377,845	198,085
Mutual funds	29,558	1,966
Total	<u>\$ 1,025,367</u>	<u>\$ 952,352</u>

Investment income for cash and cash equivalents and investments is comprised of the following for the years ended June 30:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 30,564	\$ 60,528
Realized and unrealized gains on investments	<u>55,397</u>	<u>31,153</u>
Total	<u>\$ 85,961</u>	<u>\$ 91,681</u>

St. Tikhon's Orthodox Theological Seminary

Notes to Financial Statements
June 30, 2010 and 2009

3. Investments and Fair Value Measurements (Continued)

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.

A financial 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 Seminary's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as of June 30:

Description	2010			
	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Money market	\$ 316,182	\$ 316,182	\$	\$
Marketable equity securities	679,627	679,627		
Mutual funds	29,558	29,558		
Total	<u>\$ 1,025,367</u>	<u>\$ 1,025,367</u>	<u>\$ -</u>	<u>\$ -</u>

Description	2009			
	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Money market	\$ 677,883	\$ 677,883	\$	\$
Marketable equity securities	272,503	272,503		
Mutual funds	1,966	1,966		
Total	<u>\$ 952,352</u>	<u>\$ 952,352</u>	<u>\$ -</u>	<u>\$ -</u>

Investments are measured at fair value using unadjusted quoted prices in active markets.

St. Tikhon's Orthodox Theological Seminary

Notes to Financial Statements

June 30, 2010 and 2009

4. Long-Term Debt

Long-term debt consists of the following at June 30

	<u>2010</u>	<u>2009</u>
Mortgage payable, with interest at 6%. Monthly principal and interest payments of \$4,804 are due through April 2012, collateralized by a first lien on real estate	\$ 99,860	\$ 149,903
Less current portion	<u>(50,000)</u>	<u>(50,000)</u>
Long-term debt	<u>\$ 49,860</u>	<u>\$ 99,903</u>

Scheduled principal repayments for periods subsequent to June 30, 2010 are as follows:

Years ending June 30:	<u>Amount</u>
2011	\$ 50,000
2012	<u>49,860</u>
Total	<u>\$ 99,860</u>

5. Pension Plan

The Seminary participates in the Orthodox Church in America Pension Plan. The plan covers all Bishops and Priests and all full-time lay persons electing to be covered by the plan. The plan is a defined benefit plan, which requires a mandatory 12% contribution on behalf of all participating members. The vesting schedule is as follows:

<u>Years of Service</u>	<u>Vested Percentage</u>
5	10%
6	20%
7	30%
8	40%
9	50%
10	60%
11	70%
12	80%
13	90%
14 or more	100%

Pension expense was \$43,212 and \$37,705 for the years ended June 30, 2010 and 2009.

St. Tikhon's Orthodox Theological Seminary

Notes to Financial Statements

June 30, 2010 and 2009

5. Pension Plan (Continued)

The Plan administrator is the Pension Board comprised of not less than three (3) persons appointed by the Church. A valuation of the plan is required at least once every three years by an enrolled actuary as defined under the Employee Retirement Income Security Act ("ERISA") to determine the contributions needed to maintain the plan on a sound actuarial basis. The contributions needed to support the plan shall be changed from time to time based upon the results of these valuations.

6. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30 consist of the following:

	<u>2010</u>	<u>2009</u>
Restricted for:		
Scholarships	\$ 322,429	\$ 273,070
General endowments	<u>236,357</u>	<u>169,307</u>
Total	<u>\$ 558,786</u>	<u>\$ 442,377</u>

Permanently restricted net assets at June 30 consist of the following:

Restricted for:		
Scholarships	\$ 725,087	\$ 725,087
General endowments	<u>665,951</u>	<u>665,951</u>
Total	<u>\$ 1,391,038</u>	<u>\$ 1,391,038</u>

7. Endowment Funds

The Seminary's endowment consists of numerous individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

St. Tikhon's Orthodox Theological Seminary

Notes to Financial Statements
June 30, 2010 and 2009

7. Endowment Funds (Continued)

The Seminary has interpreted Pennsylvania law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Seminary classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the 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 either temporarily restricted or unrestricted net assets based on the existence of donor restrictions or by law.

The Seminary considers various factors in making a determination to appropriate or accumulate donor-restricted endowment funds, including the duration and preservation of the fund, the purposes of the Seminary and the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, the investment policies of the Seminary, and other resources of the Seminary.

The Seminary has adopted 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 Seminary must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce a total return, net of all fees and expenses, equal to or exceeding the spending rate plus the rate of inflation, as measured by the Consumer Price Index while incurring only a reasonable and prudent level of investment risk. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Seminary 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 Seminary targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The Seminary has a policy of appropriating for distribution accumulated income and net appreciation of investments as approved by the Board of Trustees. This policy is consistent with the Seminary's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term as well as to provide additional real growth through new gifts and investment return.

St. Tikhon's Orthodox Theological Seminary

Notes to Financial Statements
June 30, 2010 and 2009

7. Endowment Funds (Continued)

Endowment net asset composition by type of fund as of June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 558,786	\$ 1,391,038	\$ 1,949,824
Board-designated endowment funds	370,311	-		370,311
Total endowment funds	<u>\$ 370,311</u>	<u>\$ 558,786</u>	<u>\$ 1,391,038</u>	<u>\$ 2,320,135</u>

Changes in endowment net assets in 2010 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2009	\$ 403,835	\$ 442,377	\$ 1,391,038	\$ 2,237,250
Investment return:				
Investment income	16,003	18,507	-	34,510 ^v
Net realized and unrealized gains	26,424	27,143	-	53,567
Total investment return	42,427	45,650	-	88,077
Contributions	-	70,759	-	70,759
Appropriation of endowment assets for expenditure (spending policy)	(75,951)	-	-	(75,951)
Endowment net assets, June 30, 2010	<u>\$ 370,311</u>	<u>\$ 558,786</u>	<u>\$ 1,391,038</u>	<u>\$ 2,320,135</u>

St. Tikhon's Orthodox Theological Seminary

Notes to Financial Statements
June 30, 2010 and 2009

7. Endowment Funds (Continued)

Endowment net asset composition by type of fund as of June 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (16,771)	\$ 442,377	\$ 1,391,038	\$ 1,816,644
Board-designated endowment funds	403,835	-	-	403,835
Total endowment funds	<u>\$ 387,064</u>	<u>\$ 442,377</u>	<u>\$ 1,391,038</u>	<u>\$ 2,220,479</u>

Changes in endowment net assets in 2009 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2008	\$ 437,866	\$ 176,684	\$ 1,391,038	\$ 2,005,588
Investment return:				
Investment income	31,162	36,983	-	68,145
Net realized and unrealized gains	8,158	22,995	-	31,153
Total investment return	39,320	59,978	-	99,298
Contributions	-	205,715	-	205,715
Appropriation of endowment assets for expenditure (spending policy)	(73,351)	-	-	(73,351)
Endowment net assets, June 30, 2009	<u>\$ 403,835</u>	<u>\$ 442,377</u>	<u>\$ 1,391,038</u>	<u>\$ 2,237,250</u>

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 law requires the Seminary to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature that are reported in unrestricted net assets were \$16,771 as of June 30, 2009. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions.

St. Tikhon's Orthodox Theological Seminary

Notes to Financial Statements
June 30, 2010 and 2009

8. Functional Expenses

The Seminary provides theological teachings to individuals within its geographic area. Expenses related to providing these services for 2010 and 2009 are as follows (in thousands):

	<u>2010</u>	<u>2009</u>
Program services	\$ 768	\$ 755
General and administrative	285	265
Fundraising	-	19
Total	<u>\$ 1,053</u>	<u>\$ 1,039</u>

9. Contingencies

As a not-for-profit corporation in the Commonwealth of Pennsylvania, the Seminary qualifies for an exemption from real property taxes; however, a number of cities, municipalities, and school districts in the Commonwealth of Pennsylvania have started and continue to challenge the real estate tax exemption of not-for-profit corporations. The possible future effects of this matter, if any, are not presently determinable.

10. Concentrations

The Seminary primarily maintains its cash and investments with financial institutions. The Federal Deposit Insurance Corporation ("FDIC") insures accounts to \$250,000 at each institution. The Seminary generally has cash on deposit in excess of insured amounts.

St. Tikhon's Orthodox Theological Seminary

Schedule of Instructional, Administrative, and Operations Expenses June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Instructional		
Faculty wages	\$ 317,552	\$ 292,744
Employee benefits	56,721	114,651
Donated services	35,000	35,000
Pension	37,723	31,482
Travel	32,977	30,030
Payroll taxes	34,900	24,049
Faculty housing	-	488
	<u> </u>	<u> </u>
Total instructional	<u>\$ 514,873</u>	<u>\$ 528,444</u>
Administrative		
Staff wages	\$ 104,459	\$ 99,958
Employee benefits	53,274	42,292
Automobile	13,131	32,132
Professional fees	60,404	31,598
Office supplies	21,894	19,274
Travel	4,103	12,942
Payroll taxes	8,224	8,189
Pension	5,489	6,223
Conferences	5,881	4,940
Equipment lease	4,930	4,263
Dues and subscriptions	3,256	3,429
Interest	11	104
	<u> </u>	<u> </u>
Total administrative	<u>\$ 285,056</u>	<u>\$ 265,344</u>
Operations		
Utilities	\$ 67,888	\$ 65,432
Depreciation	37,105	39,241
Insurance	28,167	37,806
Repairs and maintenance	42,312	19,046
Interest	7,602	10,622
Telephone	9,537	9,111
Supplies	3,767	3,633
	<u> </u>	<u> </u>
Total operations	<u>\$ 196,378</u>	<u>\$ 184,891</u>

See notes to financial statements

**ST VLADIMIR'S ORTHODOX THEOLOGICAL
SEMINARY
FINANCIAL STATEMENTS**

1. Financial Statements and Auditors' Report Year Ended June 30, 2008
2. Financial Statements and Auditors' Report Year Ended June 30, 2009
3. Financial Statements and Auditors' Report Year Ended June 30, 2010

St. Vladimir's Orthodox Theological Seminary

Financial Statements
and
Auditor's Report

Year Ended June 30, 2008

Board of Trustees
St. Vladimir's Orthodox Theological Seminary
Crestwood, New York

Independent Auditor's Report

We have audited the accompanying statement of financial position of St. Vladimir's Orthodox Theological Seminary (the Seminary) as of June 30, 2008 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Seminary's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the organization's June 30, 2007 financial statements and, in our report dated October 18, 2007, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Seminary's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Vladimir's Orthodox Theological Seminary as of June 30, 2008 and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Lambrides, Lamos, Moulthrop LLP

October 26, 2008

St. Vladimir's Orthodox Theological Seminary
Statement of Financial Position
June 30, 2008
With Summarized Comparative Financial Information as of June 30, 2007

	2008	2007
ASSETS		
Cash and cash equivalents	\$ 110,230	\$ 107,024
Accounts receivable (less allowance for doubtful accounts of \$81,449 in 2008 and \$97,339 in 2007)	193,740	198,027
Bequests receivable	814,518	
Pledges receivable	611,333	352,817
Prepaid expenses and security deposits	8,548	21,510
Inventory	874,886	752,830
Investments	14,127,501	15,345,356
Investment in property	122,122	122,122
Cash surrender value of life insurance	126,501	123,268
Land, building and equipment (at cost less accumulated depreciation of \$5,967,434 in 2008 and \$5,425,442 in 2007)	<u>16,454,804</u>	<u>16,724,989</u>
Total assets	<u>\$ 33,444,183</u>	<u>\$ 33,747,943</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 206,800	\$ 119,025
Deferred revenue	13,937	4,504
Mortgages and loans payable	4,249,978	3,818,948
Annuity and life trust payable	<u>166,281</u>	<u>183,947</u>
Total liabilities	<u>4,636,996</u>	<u>4,126,424</u>
Net assets:		
Unrestricted:		
Net investment in land, building and equipment	12,504,826	12,834,041
Board designated long-term investments	4,966,849	5,897,520
Undesignated:	<u>225,935</u>	<u>489,781</u>
Total unrestricted net assets	17,697,610	19,221,342
Temporarily restricted	1,833,541	2,766,975
Permanently restricted	<u>9,276,036</u>	<u>7,633,202</u>
Total net assets	<u>28,807,187</u>	<u>29,621,519</u>
Total liabilities and net assets	<u>\$ 33,444,183</u>	<u>\$ 33,747,943</u>

See notes to financial statements.

St. Vladimir's Orthodox Theological Seminary
Statement of Activities
For the Year Ended June 30, 2008
With Summarized Comparative Financial Information for the Year Ended June 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	2008 Totals	2007 Totals
Income and releases					
Tuition and fees	\$ 575,416			\$ 575,416	\$ 686,110
Less scholarship and financial aid	<u>(253,607)</u>			<u>(253,607)</u>	<u>(272,164)</u>
Net tuition and fees	321,809			321,809	413,946
Gifts and grants	887,460	\$ 873,579	\$ 1,642,834	3,403,873	2,101,776
Endowment income (loss)		(704,211)		(704,211)	1,541,776
Investment income (loss)	(341,807)			(341,807)	854,222
Subscriptions income	23,655			23,655	29,750
Summer institute income	47,989			47,989	25,685
Orthodox Education Day					28,011
Auxiliary enterprises	1,583,285			1,583,285	1,394,641
Other income	<u>14,755</u>			<u>14,755</u>	<u>43,640</u>
Total income before net assets released from restrictions	2,537,146	169,368	1,642,834	4,349,348	6,433,447
Net assets released from restrictions					
Satisfactions of program restrictions	<u>1,102,802</u>	<u>(1,102,802)</u>			
Total income and releases	<u>3,639,948</u>	<u>(933,434)</u>	<u>1,642,834</u>	<u>4,349,348</u>	<u>6,433,447</u>
Expenses:					
Educational and general:					
Instruction	932,773			932,773	839,010
Public service	53,082			53,082	30,169
Library	157,323			157,323	152,199
Student services	81,126			81,126	135,729
Theological research publications	5,201			5,201	36,030
Operation and maintenance of plant	600,176			600,176	617,501
General institutional expense	1,341,150			1,341,150	773,862
Interest expense	504,316			504,316	297,834
Auxiliary enterprises	<u>798,327</u>			<u>798,327</u>	<u>962,991</u>
Total expenses	<u>4,473,474</u>			<u>4,473,474</u>	<u>3,845,325</u>
Change in net assets before depreciation	(833,526)	(933,434)	1,642,834	(124,126)	2,588,122
Depreciation	<u>(690,206)</u>			<u>(690,206)</u>	<u>(662,756)</u>
Change in net assets	(1,523,732)	(933,434)	1,642,834	(814,332)	1,925,366
Net assets at beginning of year	<u>19,221,342</u>	<u>2,766,975</u>	<u>7,633,202</u>	<u>29,621,519</u>	<u>27,696,153</u>
Net assets at end of year	<u>\$ 17,697,610</u>	<u>\$ 1,833,541</u>	<u>\$ 9,276,036</u>	<u>\$ 28,807,187</u>	<u>\$ 29,621,519</u>

See notes to financial statements.

St. Vladimir's Orthodox Theological Seminary
Statement of Cash Flows
For the Year Ended June 30, 2008
With Comparative Financial Information for the Year Ended June 30, 2007

	2008	2007
Cash flows from operating activities:		
Change in net assets	\$ (814,332)	\$ 1,925,366
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	690,206	662,756
Contributions restricted for long-term investment	(1,993,323)	(328,393)
Realized and unrealized (gain) loss on investments	1,046,018	(2,246,995)
(Increase) decrease in:		
Accounts receivable	4,287	9,108
Bequests receivable	(814,518)	
Pledges receivable	(258,516)	443,586
Prepaid expenses and security deposits	12,962	(1,961)
Inventory	(122,056)	15,636
Cash surrender value of life insurance	(3,233)	(7,136)
Increase (decrease) in:		
Accounts payable	87,775	(191,757)
Deferred revenue	9,433	(20,573)
Annuity and life trust payable	(17,666)	
Net cash provided (used) by operating activities	<u>(2,172,963)</u>	<u>259,637</u>
Cash flows from investing activities:		
Purchase of investments	(23,028,789)	(11,070,641)
Proceeds from sales of investments	23,200,626	10,923,531
Purchase of land, building and equipment	(420,021)	(304,664)
Net cash used by investing activities	<u>(248,184)</u>	<u>(451,774)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for:		
Investment in endowment	1,642,834	319,240
Land, building and equipment	350,489	9,153
Proceeds from new debt	3,913,753	131,460
Repayment of principal	(3,482,723)	(335,010)
Net cash provided by financing activities	<u>2,424,353</u>	<u>124,843</u>
Net increase (decrease) in cash and cash equivalents	3,206	(67,294)
Cash and cash equivalents at beginning of year	<u>107,024</u>	<u>174,318</u>
Cash and cash equivalents at end of year	<u>\$ 110,230</u>	<u>\$ 107,024</u>
Supplemental information:		
Total interest paid	<u>\$ 504,316</u>	<u>\$ 297,834</u>

See notes to financial statements.

St. Vladimir's Orthodox Theological Seminary
Notes to Financial Statements
June 30, 2008

1. Organization and Purpose:

St. Vladimir's Orthodox Theological Seminary (the Seminary) is a graduate professional school chartered and approved by the Board of Regents of the University of the State of New York and accredited nationally by the Association of Theological Schools. The Seminary's twofold mission is to adequately prepare educated clergy and leaders to serve the Orthodox faithful in this country and abroad, and to promote study and research in Orthodox theology, history and culture.

2. Summary of Significant Accounting Policies:

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

a. Accrual Basis Financial Statements

The accompanying financial statements have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America and in accordance with the principles of not-for-profit accounting.

b. Net Assets

The net assets of the Seminary and changes therein are classified and reported as follows:

- Unrestricted net assets include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the organization to utilize funds in furtherance of its mission.
- Temporarily restricted net assets carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because certain actions are taken by the organization 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.
- Permanently restricted net assets are those that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be permanently retained. 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.

c. Contributions

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give (pledges). Contributions are considered available for unrestricted use unless specifically restricted by the donor.

d. Cash and Cash Equivalents

The Seminary includes cash on deposit, cash on hand and certificates of deposits with original maturities less than three months (if any) to be cash equivalents.

St. Vladimir's Orthodox Theological Seminary
Notes to Financial Statements
June 30, 2008

2. Summary of Significant Accounting Policies: (Continued)

e. Investments

Investments in equity securities with readily determinable fair market values and all investments in debt securities are reported at fair market value, with gains and losses included in the statement of activities. Donated investments are reflected as contributions at their market values at date of receipt.

f. Inventories

Inventories are stated at the lower of cost or market, determined by the first-in, first-out method.

g. Pledges and Bequests Receivable

Pledges receivable are recognized as income in the year for which the pledge is made. Pledges and distributions from bequests that are expected to be received within one year are recorded at net realizable value. Pledges and distributions from bequests that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discounts is included in contribution revenue.

h. Land, Building and Equipment

Land, buildings and equipment are carried at cost or, if donated, at the fair market value on the date of the gift.

Assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	30 - 40 years
Library books and media	5 - 10 years
Furniture and equipment	5 - 10 years
Vehicles	5 years

i. Annuity and Life Trust Payable

The Seminary established a gift annuity and life trust payable plan 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 annuity and life trust payable is evaluated annually (giving effect to investment income and payments to annuitants) and any surplus or deficiency is recognized as investment income.

j. Internal Revenue Code Status:

The Seminary has been granted tax exempt status as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code.

St. Vladimir's Orthodox Theological Seminary
Notes to Financial Statements
June 30, 2008

2. Summary of Significant Accounting Policies: (Continued)

k. Prior Year Summarized Comparative Information:

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Seminary's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

l. Expense Allocations

Directly identifiable expenses are charged to programs and supporting services. Development and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

m. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from their estimates.

3. Pledges Receivable:

Pledged commitments consist of one time pledges for annual operating support and pledges in connection with capital campaigns.

Pledges are expected to be received as follows:

In less than one year	\$130,358
In one to five years	<u>583,945</u>
Subtotal	714,303
Less: Allowance for uncollectable pledges	(71,430)
Less: Unamortized discount	<u>(31,540)</u>
Net pledges receivable	<u>\$611,333</u>

4. Investments:

The cost and market values of securities as of June 30, 2008 are as follows:

	Cost	Market Value
Cash and cash equivalents	\$ 3,167,034	\$ 3,167,034
Mutual Funds	1,174,364	988,695
Stocks	9,313,189	9,877,286
Bonds	<u>91,016</u>	<u>94,486</u>
Total	<u>\$13,745,603</u>	<u>\$14,127,501</u>

St. Vladimir's Orthodox Theological Seminary
Notes to Financial Statements
June 30, 2008

4. Investments: (Continued)

Endowment and investment income are allocated based on pooling of investments and consist of the following:

Interest and dividend income	\$ 329,653
Investment fees	(100,265)
Realized gains on investments	741,046
Unrealized loss on investments	<u>(2,016,452)</u>
	<u><u>\$(1,046,018)</u></u>

5. Land, Building and Equipment:

A summary of land, building and equipment as of June 30, 2008 is as follows:

	Cost	Accumulated Depreciation	Net
Land	\$ 740,744		\$ 740,744
Land improvements	649,602	\$ 151,035	498,567
Buildings and improvements	19,230,197	4,675,294	14,554,903
Library books and media	1,068,820	801,821	266,999
Furniture and equipment	1,084,579	935,103	149,476
Vehicles	67,264	67,264	
Technology hardware & software	<u>271,239</u>	<u>27,124</u>	<u>244,115</u>
	<u><u>\$23,112,445</u></u>	<u><u>\$6,657,641</u></u>	<u><u>\$16,454,804</u></u>

6. Mortgages and Loans Payable:

Mortgage loan secured by Lakeside Student Housing payable in five annual principal repayment tiers, together with interest paid on a monthly basis. The interest rate on the five tiers is fixed at rates that start at 4.66% in the first year and end at 5.74% for year 5. This mortgage loan matures in June 2013. The balance on this loan at June 30, 2008 includes accrued interest of \$13,509.

\$3,617,448

Mortgage loan payable with variable interest at prime. Monthly payments of \$1,830 (interest and principal) are due through March 2017.

155,102

Mortgage loan payable with variable interest at prime. Monthly payments of \$1,992 (interest and principal) are due through March 2017.

168,888

Note payable for purchase of equipment with interest at 9.25%. Monthly payments of \$874 (interest and principal) are due through March 2017.

8,540

Open line of credit for \$500,000 with interest at prime plus 1%.

300,000

\$ 4,249,978

St. Vladimir's Orthodox Theological Seminary
Notes to Financial Statements
June 30, 2008

6. Mortgages and Loans Payable: (Continued)

Principal payments on mortgages and loans for the succeeding five years and thereafter are as follows:

Year ending June 30,	
2009	\$ 502,407
2010	281,912
2011	383,544
2012	435,260
2013	2,491,004
After 2013	<u>155,851</u>
	<u>\$4,249,978</u>

7. Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes:

Time restricted	\$ 350,489
Scholarships	1,087,483
	261,000
Student loans and assistance	10,793
Global ministry grants	8,359
Press grant	47,130
Library	50,725
Other	<u>17,562</u>
	<u>\$1,833,541</u>

8. Functional Classification of Expenses:

Expenses are charged to program and supporting services on the basis of periodic time and expense studies. Allocation of total unrestricted expenses (with the inclusion of depreciation) for the year are as follows:

Program services:	
Instruction	\$1,366,661
Public service	128,563
Library	583,656
Student services	162,812
Theological research publications	11,407
Auxiliary enterprises	<u>1,318,165</u>
Total program services	<u>3,571,264</u>
Supporting services:	
General institutional	1,395,553
Development and communications	<u>196,863</u>
Total supporting services	<u>1,592,416</u>
Total expenses	<u>\$5,163,680</u>

St. Vladimir's Orthodox Theological Seminary
Notes to Financial Statements
June 30, 2008

9. Retirement Plan:

The Seminary participates in the Orthodox Church in America pension plan, which is a multi-employer plan. The plan provides defined benefits with participation available to all full time employees. The Seminary contributes 6% of each employee's salary, and the employee contributes 6%. The retirement benefit costs charged to expense amounted to \$73,316 in 2008.

(Concluded)

**ST. VLADIMIR'S ORTHODOX
THEOLOGICAL SEMINARY
FINANCIAL STATEMENTS**

JUNE 30, 2009

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

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JUNE 30, 2009

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
St. Vladimir's Orthodox Theological Seminary
Crestwood, New York

We have audited the accompanying statement of financial position of St. Vladimir's Orthodox Theological Seminary (the Seminary), (a nonprofit organization) as of June 30, 2009, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Seminary's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the organization's June 30, 2008 financial statements audited by other auditors whose report dated October 26, 2008, expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Vladimir's Orthodox Theological Seminary as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

D'Arcangelo & Co., LLP

September 15, 2009

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2009

With Summarized Comparative Financial Information as of June 30, 2008

	2009	2008
ASSETS		
Cash	\$ 70,516	\$ 110,230
Restricted cash	1,660,016	-
Accounts receivable, net of allowance for doubtful accounts of \$81,449 in 2009 and 2008	173,105	193,740
Bequests receivable	371,330	814,518
Pledges receivable, net	511,250	611,333
Prepaid expenses	28,445	8,548
Inventory	872,430	874,886
Investments	9,348,854	14,127,501
Investment in property	122,122	122,122
Cash surrender value of life insurance	132,020	126,501
Property and equipment, net of accumulated depreciation of \$7,303,339 in 2009 and \$6,657,640 in 2008	16,044,180	16,454,804
Total assets	\$ 29,334,268	\$ 33,444,183
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 275,293	\$ 206,800
Deferred revenue	11,165	13,937
Mortgages and loans payable	4,172,081	4,249,978
Annuity and life trust payable	180,368	166,281
Total liabilities	4,638,907	4,636,996
Net assets:		
Unrestricted		
Net investment in land, building and equipment	12,267,098	12,504,826
Board designated long-term investments	3,636,138	4,966,849
Undesignated	(1,894,367)	225,935
Total unrestricted	14,008,869	17,697,610
Temporarily restricted	1,187,705	1,833,541
Permanently restricted	9,498,787	9,276,036
Total net assets	24,695,361	28,807,187
Total liabilities and net assets	\$ 29,334,268	\$ 33,444,183

See notes to financial statements.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2009

With Summarized Comparative Financial Information for the Year Ended June 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total	2008 Total
Revenue and reclassifications					
Tuition and fees	\$ 739,854	\$ -	\$ -	\$ 739,854	\$ 575,416
Less scholarship and financial aid	(265,609)	-	-	(265,609)	(253,607)
Net tuition and fees	474,245	-	-	474,245	321,809
Gifts and grants	1,355,849	58,135	222,751	1,636,735	3,403,873
Endowment income (loss)	(2,561,359)	(391,511)	-	(2,952,870)	(704,211)
Investment income (loss)	148,577	-	-	148,577	(341,807)
Subscriptions income	10,087	-	-	10,087	23,655
Summer institute income	18,353	-	-	18,353	47,989
Auxiliary enterprises	1,451,583	-	-	1,451,583	1,583,285
Other income	33,257	-	-	33,257	14,755
Total revenue before net assets released from restriction	<u>930,592</u>	<u>(333,376)</u>	<u>222,751</u>	<u>819,967</u>	<u>4,349,348</u>
Reclassifications:					
Satisfaction of program restrictions	312,460	(312,460)	-	-	-
Total revenue and reclassifications	<u>1,243,052</u>	<u>(645,836)</u>	<u>222,751</u>	<u>819,967</u>	<u>4,349,348</u>
Expenses					
Instruction	940,177	-	-	940,177	932,773
Public service	46,546	-	-	46,546	53,082
Library	156,166	-	-	156,166	157,323
Student services	76,985	-	-	76,985	81,126
Theological research publications	10,814	-	-	10,814	5,201
Operation and maintenance of plan	682,817	-	-	682,817	600,176
General institutional expense	1,365,098	-	-	1,365,098	1,341,150
Interest expense	145,900	-	-	145,900	504,316
Auxiliary enterprises	861,591	-	-	861,591	798,327
Total expenses	<u>4,286,094</u>	<u>-</u>	<u>-</u>	<u>4,286,094</u>	<u>4,473,474</u>
Change in net assets before depreciation	<u>(3,043,042)</u>	<u>(645,836)</u>	<u>222,751</u>	<u>(3,466,127)</u>	<u>(124,126)</u>
Depreciation	<u>(645,699)</u>	<u>-</u>	<u>-</u>	<u>(645,699)</u>	<u>(690,206)</u>
Change in net assets	<u>(3,688,741)</u>	<u>(645,836)</u>	<u>222,751</u>	<u>(4,111,826)</u>	<u>(814,332)</u>
Net assets, beginning of year	<u>17,697,610</u>	<u>1,833,541</u>	<u>9,276,036</u>	<u>28,807,187</u>	<u>29,621,519</u>
Net assets, end of year	<u>\$ 14,008,869</u>	<u>\$ 1,187,705</u>	<u>\$ 9,498,787</u>	<u>\$ 24,695,361</u>	<u>\$ 28,807,187</u>

See notes to financial statements.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2009

With Summarized Comparative Financial Information for the Year Ended June 30, 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ (4,111,826)	\$ (814,332)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	645,699	690,206
Contributions restricted for long-term investments	(62,231)	(1,993,323)
Realized (gains) loss on investments	1,355,566	(741,046)
Unrealized loss on investments	1,597,304	1,787,064
(Increase) decrease in operating assets:		
Accounts receivable	20,635	4,287
Bequests receivable	443,188	(814,518)
Pledges receivable	100,083	(258,516)
Prepaid expenses and security deposits	(19,897)	12,962
Inventory	2,456	(122,056)
Cash surrender value of life insurance	(5,519)	(3,233)
Increase (decrease) in operating liabilities:		
Accounts payable	68,493	87,775
Deferred revenue	(2,772)	9,433
Annuity and life trust payable	14,087	(17,666)
Net cash provided by (used in) operating activities	<u>45,266</u>	<u>(2,172,963)</u>
Cash flows from investing activities:		
Purchase of investments	(17,566,006)	(23,028,789)
Proceeds from sales of investments	19,391,783	23,200,626
Increase in restricted cash	(1,660,016)	-
Purchase of property and equipment	(235,075)	(420,021)
Net cash used in investing activities	<u>(69,314)</u>	<u>(248,184)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for:		
Investment in endowment	-	1,642,834
Land, building and equipment	62,231	350,489
Proceeds from debt	456,055	3,913,753
Repayment of principal debt	(533,952)	(3,482,723)
Net cash provided by (used in) financing activities	<u>(15,666)</u>	<u>2,424,353</u>
Net increase (decrease) in cash	(39,714)	3,206
Cash, beginning of year	<u>110,230</u>	<u>107,024</u>
Cash, end of year	<u>\$ 70,516</u>	<u>\$ 110,230</u>
Supplementary information:		
Total interest paid	\$ 146,987	\$ 504,316

See notes to financial statements.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization, nature of activities and tax-exempt status

St. Vladimir's Orthodox Theological Seminary, (the "Seminary") is a graduate professional school chartered and approved by the Board of Regents of the University of the State of New York and accredited nationally by the Association of Theological Schools. The Seminary's twofold mission is to adequately prepare educated clergy and leaders to service the Orthodox faithful in this country and abroad, and to promote study and research in Orthodox theology, history and culture.

The Seminary is a not-for-profit corporation organized under the not-for-profit laws of New York State, and chartered as an education corporation by the Education Department of the State of New York. The Seminary has been determined to be an organization exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and similar state provisions. The Seminary has also been classified as an entity that is not a private foundation within the meaning of IRC Section 509(a) thereby qualifying for the receipt of deductible contributions as provided in IRC Section 170.

Basis of financial statement presentation and classification of net assets

The financial statements of The Seminary have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations. The net assets of the Seminary and changes therein are classified and reported as follows:

Net assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the organization to utilize funds in furtherance of its mission.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets (continued)

Temporarily restricted net assets - Net assets that carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because certain actions are taken by the organization which fulfill the restrictions or because of the passage of time. Expiration 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.

Permanently restricted net assets - Net assets that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be permanently retained. 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.

Accounts receivable

The Seminary has established an allowance for doubtful accounts to provide for potential losses in the various receivable accounts. The allowances for doubtful accounts is established through a provision for losses charged to expense. Receivables are charged against the allowance when management believes that collectibility is unlikely. The allowance is an amount that management believes will be adequate to absorb losses on existing receivables that may become uncollectible, based on evaluations that take into consideration such factors as changes in the nature and volume of receivables, review of specific problem receivables, and current economic conditions that may affect collection.

Contributions

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give (pledges). Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Cash and cash equivalents

The Seminary includes cash on deposit, cash on hand and certificates of deposits with original maturities less than three months (if any) to be cash equivalents.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments comprise money market funds, marketable debt and equity securities, and accrued interest and dividends thereon and are recorded at market value. The market values of investments are generally determined based on quoted market prices or estimated fair values provided by external investment managers or other sources. Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated on the basis of specific identification of the securities sold. Investment management fees and service charges are netted against investment income. Donated investments are reflected as contributions at their market values at date of receipt.

The Seminary's investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statement of financial position and the statement of activities.

Inventory

The Seminary's bookstore inventory is stated at the lower of cost or market, determined by the first-in, first-out method.

Pledges and bequests receivable

Pledges receivable are recognized as income in the year for which the pledge is made. Pledges and distributions of bequests that are expected to be received within one year are recorded at net realizable value. Pledges and distributions from bequests that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discounts is included in contribution revenue.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Additions to property and equipment in excess of \$5,000 are recorded at cost or, if donated, at the fair market value on the date of the gift.

Property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building and improvements	30 - 40 years
Library books and media	5 - 10 years
Furniture and equipment	5 - 10 years
Vehicles	5 years

Charitable gift annuities and charitable remainder unitrust

The Seminary has entered into several Charitable Gift Annuity Agreements and Charitable Remainder Unitrusts whereby the donor contributes assets in exchange for distributions for a specified period of time to the donor or other beneficiaries. At the end of the specified time, the remaining assets are available for the Seminary's use. Assets received are recorded at fair value on the date the agreement or unitrust is recognized, and a liability equal to the present value of the future distributions is recorded. The difference between the fair value of the assets received and the liability to the donor or other beneficiaries is recognized as contribution revenue. On an annual basis, the Seminary revalues the liability based on applicable mortality tables and discount rates, which vary from 6.7% to 9.7%. One annuitant has stipulated a payout of 50% of the contributed asset account balance to an unrelated third party, after death, in the event there remain enough funds in the investment asset account to make such a payout. At June 30, 2009, there were no such excess funds.

Prior year summarized comparative information

The financial statements include certain prior year summarized comparative information in total but not by asset class or functional expense. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Seminary's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense allocation

Directly identifiable expenses are charged to programs and supporting services. Development and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CONCENTRATIONS

The Seminary's cash management policy is to mitigate the Organization's credit risks by investing in or through major financial institutions.

3. RESTRICTED CASH

The Seminary, in accordance with its loan agreement, maintains a designated bank account at Smith Barney to fund its annual required loan repayments. At June 30, 2009, \$1,660,016 was held in a Smith Barney money market account as collateral for the \$3,453,939 Smith Barney loan (Note 8).

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

4. PLEDGES RECEIVABLE

Pledges receivable

Pledged commitments consist of one time pledges for annual operating support and pledges in connection with capital campaigns.

Pledges receivable are summarized as follow:

In less than one year	\$ 254,362
In one to five years	<u>334,511</u>
	588,873
Less: Allowance for uncollectable pledges	(58,887)
Less: Unamortized discount	<u>(18,736)</u>
Net Pledges receivable	<u>\$ 511,250</u>

A discount rate of 3% was used to determine the net present value of pledges receivable in more than one year.

5. INVESTMENTS

The cost and market values of investments as of June 30, 2009 are as follows:

	<u>Cost</u>	<u>Market Value</u>
Cash and cash equivalents	\$1,175,791	\$1,175,791
Mutual funds	1,002,141	727,291
Stocks	8,699,904	7,392,651
Bonds	<u>48,641</u>	<u>53,121</u>
Total	<u>\$10,926,477</u>	<u>\$9,348,854</u>

Endowment and investment income are allocated based on pooling of investments and consists of the following:

Interest and dividend income	\$ 230,785
Investment fees	(82,208)
Realized loss on investments	(1,355,566)
Unrealized loss on investments	<u>(1,597,304)</u>
	<u>\$ (2,804,293)</u>

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

6. FAIR VALUE MEASUREMENTS

In accordance with generally accepted accounting principles, *Fair Value Measurements*, the following are the Seminary's financial assets and liabilities presented at fair value:

Fair Value Measurements at Reporting Date Using

Description	6/30/09	Quoted Prices In Active Markets for Identical assets/liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Restricted cash	\$ 1,660,016	\$ 1,660,016	\$ -	\$ -
Investment securities	9,348,854	9,348,854	-	-
Investment in property	122,122		122,122	-
Cash surrender value of life insurance	132,020		132,020	-
Total	<u>\$ 11,263,012</u>	<u>\$ 11,008,870</u>	<u>\$ 254,142</u>	<u>-</u>
Liability:				
Annuity and life trust payable	<u>\$ 180,368</u>		<u>\$ 180,368</u>	

7. PROPERTY AND EQUIPMENT

A summary of property and equipment as of June 30, 2009 is as follows:

	Cost	Accumulated depreciation	Net
Land	\$ 740,744	\$ -	\$ 740,744
Land improvements	649,602	167,275	482,327
Building and improvements	19,376,984	5,173,006	14,203,978
Library books and media	1,124,408	857,680	266,728
Furniture and equipment	1,355,817	1,034,844	320,973
Vehicles	99,964	70,534	29,430
	<u>\$ 23,347,519</u>	<u>\$ 7,303,339</u>	<u>\$ 16,044,180</u>

Depreciation expense for the year ended June 30, 2009 totaled \$645,699.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

8. MORTGAGES AND LOANS PAYABLE

Loan payable to Smith Barney secured by all cash and investment accounts held with Smith Barney. The loan was used to refinance a prior mortgage on the Lakeside Student Housing property. The loan is payable in five annual principal repayment tiers, together with interest paid on a monthly basis. The interest rate on the five tiers is fixed at rates that start at 4.66% in the first year and end at 5.74% for year 5. This mortgage loan matures in June 2013.	\$ 3,453,939
Mortgage loan payable with variable interest at prime (3.25% at June 30, 2009) secured by a specified land and building. Monthly payments of \$1,708 (interest and principal) are due through March 2017.	140,271
Mortgage loan payable with variable interest at prime (3.25% at June 30, 2009) secured by a specified land and building. Monthly payments of \$1,860 (interest and principal) are due through March 2017.	152,739
Note payable secured by purchase of equipment with interest at 9.25%. Monthly payments of \$874 (interest and principal) are due through August 2009.	1,748
Note payable secured by the purchase of a truck with interest at 4%. Monthly payments of \$967 (interest and principal) are due through January 2012.	28,384
Open line of credit for \$500,000 with Wachovia Bank. Interest at prime plus 1% (4.25% at June 30, 2009) collateralized by an investment account maintained at Wachovia with a minimum fair market value not below \$633,956.	<u>395,000</u>
	<u>\$ 4,172,081</u>

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

10. RETIREMENT PLAN

The Seminary participates in the Orthodox Church in America pension plan, which is a multi-employer plan. The plan provides defined benefits with participation available to all full-time employees. The Seminary contributes 6% of each employee's salary, and the employee contributes 6%. The retirement benefit costs charged to expense amounted to \$88,928 in 2009.

ST. VLADIMIR'S
ORTHODOX THEOLOGICAL SEMINARY
FINANCIAL STATEMENTS
JUNE 30, 2010

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

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JUNE 30, 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
St. Vladimir's Orthodox Theological Seminary
Crestwood, New York

We have audited the accompanying statement of financial position of St. Vladimir's Orthodox Theological Seminary ("The Seminary"), (a nonprofit organization) as of June 30, 2010, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of The Seminary's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from The Seminary's June 30, 2009 financial statements and, in our report dated September 15, 2009; we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Vladimir's Orthodox Theological Seminary as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

D'Arcangelo & Co., LLP

Purchase, New York
September 15, 2010

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2010

With Summarized Comparative Financial Information as of June 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash	\$ 72,509	\$ 70,516
Restricted cash	1,602,550	1,660,016
Accounts receivable, net of allowance for doubtful accounts of \$97,833 in 2010 and \$81,449 in 2009	296,951	173,105
Bequest receivable	371,330	371,330
Pledges receivable, net	398,553	511,250
Prepaid expenses	32,840	28,445
Inventory	919,829	872,430
Investments	10,230,478	9,348,854
Investment in property	122,122	122,122
Cash surrender value of life insurance	140,307	132,020
Property and equipment, net of accumulated depreciation of \$8,004,292 in 2010 and \$7,303,339 in 2009	<u>15,464,475</u>	<u>16,044,180</u>
Total assets	<u>\$ 29,651,944</u>	<u>\$ 29,334,268</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 292,385	\$ 275,293
Deferred revenue	49,773	11,165
Mortgages and loans payable	4,230,985	4,172,081
Annuity and life trust payable	<u>168,394</u>	<u>180,368</u>
Total liabilities	<u>4,741,537</u>	<u>4,638,907</u>
Net assets:		
Unrestricted		
Net investment in land, building and equipment	11,621,400	12,267,098
Board designated long-term investments	2,884,780	3,636,138
Undesignated	<u>(1,276,013)</u>	<u>(1,894,367)</u>
Total unrestricted	13,230,167	14,008,869
Temporarily restricted	2,111,377	1,187,705
Permanently restricted	<u>9,568,863</u>	<u>9,498,787</u>
Total net assets	<u>24,910,407</u>	<u>24,695,361</u>
Total liabilities and net assets	<u>\$ 29,651,944</u>	<u>\$ 29,334,268</u>

See notes to financial statements.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2010

With Summarized Comparative Financial Information for the Year Ended June 30, 2009

	Unrestricted	Temporarily restricted	Permanently restricted	2010 Total	2009 Total
Revenue and reclassifications					
Tuition and fees	\$ 686,188	\$ -	\$ -	\$ 686,188	\$ 739,854
Less scholarship and financial aid	(236,059)	-	-	(236,059)	(265,609)
Net tuition and fees	450,129	-	-	450,129	474,245
Gifts and grants	1,081,733	77,906	70,076	1,229,715	1,636,735
Endowment income (loss)	247,103	972,982	-	1,220,085	(2,946,351)
Investment income	88,360	-	-	88,360	148,577
Subscriptions income	32,143	-	-	32,143	10,087
Summer institute income	49,557	-	-	49,557	18,353
Auxiliary enterprises	1,434,423	-	-	1,434,423	1,451,583
Other income	13,837	-	-	13,837	26,738
Total revenue before net assets released from restriction	3,397,285	1,050,888	70,076	4,518,249	819,967
Reclassifications:					
Satisfaction of program restrictions	127,216	(127,216)	-	-	-
Total revenue and reclassifications	3,524,501	923,672	70,076	4,518,249	819,967
Expenses					
Instruction	657,420	-	-	657,420	940,526
Public service	38,816	-	-	38,816	46,546
Library	120,443	-	-	120,443	177,297
Student services	85,587	-	-	85,587	76,985
Theological research publications	20,937	-	-	20,937	10,814
Operation and maintenance of plant	580,252	-	-	580,252	682,467
General institutional expense	1,222,534	-	-	1,222,534	1,343,968
Interest expense	120,226	-	-	120,226	145,900
Auxiliary enterprises	756,035	-	-	756,035	861,591
Total expenses	3,602,250	-	-	3,602,250	4,286,094
Change in net assets before depreciation	(77,749)	923,672	70,076	915,999	(3,466,127)
Depreciation	(700,953)	-	-	(700,953)	(645,699)
Change in net assets	(778,702)	923,672	70,076	215,046	(4,111,826)
Net assets, beginning of year	14,008,869	1,187,705	9,498,787	24,695,361	28,807,187
Net assets, end of year	\$ 13,230,167	\$ 2,111,377	\$ 9,568,863	\$ 24,910,407	\$ 24,695,361

See notes to financial statements.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2010

With Summarized Comparative Financial Information for the Year Ended June 30, 2009

	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ 215,046	\$ (4,111,826)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	700,953	645,699
Contributions restricted for long-term investments	-	(62,231)
Realized (gain) loss on investments	(631,136)	1,355,566
Unrealized (gain) loss on investments	(580,662)	1,597,304
Value of donated book publications	(134,671)	-
Bad debt reserve-bookstore receivable	(4,714)	-
Bad debt reserve-pledges receivable	55,064	-
Discount on pledges receivable	(1,757)	(12,805)
(Increase) decrease in operating assets:		
Accounts receivable	(119,132)	20,635
Bequests receivable	-	443,188
Pledges receivable	57,633	112,888
Prepaid expenses and security deposits	(4,395)	(19,897)
Inventory	87,272	2,456
Cash surrender value of life insurance	(8,287)	(5,519)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	17,090	68,493
Deferred revenue	38,608	(2,772)
Annuity and life trust payable	(11,974)	14,087
Net cash provided by (used in) operating activities	<u>(325,062)</u>	<u>45,266</u>
Cash flows from investing activities:		
Purchase of investments	(15,439,146)	(17,566,006)
Proceeds from sales of investments	15,771,079	19,391,783
Change in restricted cash	57,466	(1,660,016)
Purchase of property and equipment	<u>(121,248)</u>	<u>(235,075)</u>
Net cash provided by (used in) investing activities	<u>268,151</u>	<u>(69,314)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for:		
Land, building and equipment	-	62,231
Proceeds from debt	255,000	456,055
Repayment of principal debt	<u>(196,096)</u>	<u>(533,952)</u>
Net cash provided by (used in) financing activities	<u>58,904</u>	<u>(15,666)</u>
Net increase (decrease) in cash	1,993	(39,714)
Cash, beginning of year	<u>70,516</u>	<u>110,230</u>
Cash, end of year	<u>\$ 72,509</u>	<u>\$ 70,516</u>
Supplementary information:		
Total interest paid	\$ 120,203	\$ 146,987

See notes to financial statements.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization, nature of activities and tax-exempt status

St. Vladimir's Orthodox Theological Seminary, ("The Seminary") is a graduate professional school chartered and approved by the Board of Regents of the University of the State of New York and accredited nationally by the Association of Theological Schools. The Seminary's twofold mission is to adequately prepare educated clergy and leaders to service the Orthodox faithful in this country and abroad, and to promote study and research in Orthodox theology, history and culture.

The Seminary is a not-for-profit corporation organized under the not-for-profit laws of New York State, and chartered as an education corporation by the Education Department of the State of New York. The Seminary has been determined to be an organization exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and similar state provisions. The Seminary has also been classified as an entity that is not a private foundation within the meaning of IRC Section 509(a) thereby qualifying for the receipt of deductible contributions as provided in IRC Section 170.

Basis of accounting

The accounting and reporting policies of The Seminary conform to accounting principles generally accepted in the United States of America (GAAP).

Adoption of new accounting pronouncements

On July 1, 2009, the Financial Accounting Standards Board (FASB) issued FASB Statement of Financial Accounting Standards (SFAS) No. 168, "*FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*," which is included in FASB Accounting Standards Codification (ASC) 105 "Generally Accepted Accounting Principles" (GAAP). This new guidance approved the FASB ASC as the single source of authoritative nongovernmental GAAP. The FASB ASC is effective for interim or annual periods ending after September 15, 2009. All existing accounting standards have been superseded and all other accounting literature not included in the FASB ASC will be considered non-authoritative. The ASC is a restructuring of GAAP designed to simplify access to all authoritative literature by providing a topically organized structure. The adoption of FASB ASC did not impact the Organization's financial statements. Technical references to GAAP included in these notes to the financial statements are provided under the new FASB ASC structure.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

In May 2009, the Financial Accounting Standards Board issued a new standard pertaining to subsequent events (incorporated into the *Subsequent Events* of the FASB ASC) that established principles and requirements for subsequent events and applied to accounting for and disclosure of subsequent events not addressed in other applicable GAAP. The adoption of the new standard had no impact on the Organization's financial statements.

Basis of financial statement presentation and classification of net assets

The financial statements of The Seminary have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations. The net assets of the Seminary and changes therein are classified and reported as follows:

Net assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the organization to utilize funds in furtherance of its mission.

Temporarily restricted net assets - Net assets that carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because certain actions are taken by the organization which fulfill the restrictions or because of the passage of time. Expiration 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.

Permanently restricted net assets - Net assets that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be permanently retained. 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.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Accounts receivable

The Seminary has established an allowance for doubtful accounts to provide for potential losses in the various receivable accounts. The allowances for doubtful accounts is established through a provision for losses charged to expense. Receivables are charged against the allowance when management believes that collectibility is unlikely. The allowance is an amount that management believes will be adequate to absorb losses on existing receivables that may become uncollectible, based on evaluations that take into consideration such factors as changes in the nature and volume of receivables, review of specific problem receivables, and current economic conditions that may affect collection.

Contributions

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give (pledges). Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Cash and cash equivalents

The Seminary includes cash on deposit, cash on hand and certificates of deposits with original maturities less than three months (if any) to be cash equivalents.

Investments

Investments comprise money market funds, marketable debt and equity securities, and accrued interest and dividends thereon and are recorded at market value. The market values of investments are generally determined based on quoted market prices or estimated fair values provided by external investment managers or other sources. Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated on the basis of specific identification of the securities sold. Investment management fees and service charges are netted against investment income.

Donated investments are reflected as contributions at their market values at date of receipt. The Seminary owns three small parcels of land in Rhinebeck, New York whose carrying amount approximates fair market value.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Investments (continued)

The Seminary's investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statement of financial position and the statement of activities.

Fair value measurements

The Seminary adopted GAAP concept of *Fair Value Measurements*, effective August 1, 2008. In accordance with GAAP, fair value is defined as the price that the Seminary would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. GAAP establishes a three-tier hierarchy for measuring fair value of assets and liabilities. The three-tier hierarchy of inputs is summarized in three broad levels: Level 1 - quoted prices in active markets for identical securities, Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.) and Level 3 - significant unobservable inputs (including the Seminary's own assumptions in determining the fair value of investments).

Inventory

The Seminary's bookstore inventory is stated at the lower of cost or market, determined by the first-in, first-out method.

Pledges and bequests receivable

Pledges receivable are recognized as income in the year for which the pledge is made. Pledges and distributions of bequests that are expected to be received within one year are recorded at net realizable value. Pledges and distributions from bequests that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discounts is included in contribution revenue.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Property and equipment

Additions to property and equipment in excess of \$5,000 are recorded at cost or, if donated, at the fair market value on the date of the gift.

Property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building and improvements	30 - 40 years
Library books and media	5 - 10 years
Furniture and equipment	5 - 10 years
Vehicles	5 years

The Seminary reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the facility and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in fiscal 2010.

Charitable gift annuities and charitable remainder unitrust

The Seminary has entered into several Charitable Gift Annuity Agreements and Charitable Remainder Unitrusts whereby the donor contributes assets in exchange for distributions for a specified period of time to the donor or other beneficiaries. At the end of the specified time, the remaining assets are available for the Seminary's use. Assets received are recorded at fair value on the date the agreement or unitrust is recognized, and a liability equal to the present value of the future distributions is recorded. The difference between the fair value of the assets received and the liability to the donor or other beneficiaries is recognized as contribution revenue. On an annual basis, the Seminary revalues the liability based on applicable mortality tables and discount rates, which vary from 3.2% to 10.13%. One annuitant has stipulated a payout of 50% of the contributed asset account balance to an unrelated third party, after death, in the event there remain enough funds in the investment asset account to make such a payout. At June 30, 2010, there were no such excess funds.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Prior year summarized comparative information

The financial statements include certain prior year summarized comparative information in total but not by asset class or functional expense. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Seminary's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Donated material and services

Donated non-cash assets are recorded at their fair values at the date of donation. Donated services that create or enhance non-financial assets or that require specialized skills, provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

For the fiscal year ended June 30, 2010, The Seminary received donated book publications valued at \$134,671.

Expense allocation

Directly identifiable expenses are charged to programs and supporting services. Development and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

2. CONCENTRATIONS:

The Seminary's cash management policy is to mitigate its credit risks by investing in or through major financial institutions.

3. RESTRICTED CASH:

The Seminary, in accordance with its loan agreement, maintains a designated bank account at Smith Barney to fund its annual required loan repayments. At June 30, 2010, \$1,602,550 was held in a Smith Barney money market account as collateral for the \$3,453,939 Smith Barney loan (Note 8).

4. PLEDGES RECEIVABLE:

Pledged commitments consist of one time pledges for annual operating support and pledges in connection with capital campaigns.

Pledges receivable are summarized as follow:

In less than one year	\$ 324,696
In one to five years	<u>108,150</u>
	432,846
Less: Allowance for uncollectable pledges	(17,314)
Less: Unamortized discount	<u>(16,979)</u>
Net Pledges receivable	<u>\$ 398,553</u>

A discount rate of 3% was used to determine the net present value of pledges receivable in more than one year.

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

5. INVESTMENTS:

The cost and market values of investments as of June 30, 2010 are as follows:

	<u>Cost</u>	<u>Market value</u>
Cash and cash equivalents	\$ 904,905	\$ 904,905
Mutual funds	1,162,504	742,775
Stocks	8,433,605	8,476,003
Bonds	<u>98,352</u>	<u>106,795</u>
Total	<u>\$10,599,366</u>	<u>\$ 10,230,478</u>

Endowment and investment income are allocated based on pooling of investments and consists of the following:

Interest and dividend income	\$ 184,862
Investment fees	(88,215)
Realized gain on investments	631,136
Net change in unrealized value of investments	<u>580,662</u>
	<u>\$ 1,308,445</u>

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

6. FAIR VALUE MEASUREMENTS:

In accordance with generally accepted accounting principles, *Fair Value Measurements*, the following are the Seminary's financial assets and liabilities presented at fair value:

<u>Description</u>	<u>Fair value measurements at reporting date using</u>			
	<u>6/30/10</u>	<u>Quoted prices In active markets for identical assets/liabilities (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Assets:				
Restricted cash	\$ 1,602,550	\$ 1,602,550	\$ -	\$ -
Investment securities	10,230,478	10,230,478	-	-
Investment in property	122,122	-	122,122	-
Cash surrender value of life insurance	140,307	-	140,307	-
Total	<u>\$ 12,095,457</u>	<u>\$ 11,833,028</u>	<u>\$ 262,429</u>	<u>\$ -</u>
Liability:				
Annuity and life trust payable	<u>\$ 168,394</u>		<u>\$ 168,394</u>	

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

7. PROPERTY AND EQUIPMENT:

A summary of property and equipment as of June 30, 2010 is as follows:

	Cost	Accumulated depreciation	Net
Land	\$ 740,744	\$ -	\$ 740,744
Land improvements	649,602	183,515	466,087
Building and improvements	19,436,473	5,673,599	13,762,874
Library books and media	1,180,217	912,374	267,843
Furniture and equipment	1,361,767	1,157,730	204,037
Vehicles	99,964	77,074	22,890
	<u>\$ 23,468,767</u>	<u>\$ 8,004,292</u>	<u>\$ 15,464,475</u>

Depreciation expense for the year ended June 30, 2010 totaled \$700,953.

8. MORTGAGES AND LOANS PAYABLE:

Loan payable to Smith Barney secured by all cash and investment accounts held with Smith Barney. The loan was used to refinance a prior mortgage on the Lakeside Student Housing property. The loan is payable in five annual principal repayment tiers, together with interest paid on a monthly basis. The interest rate on the five tiers is fixed at rates that start at 4.66% in the first year and end at 5.74% for year 5. This mortgage loan matures in June 2013.

\$ 3,453,939

Mortgage loan payable with variable interest at prime (3.25% at June 30, 2010) secured by a specified land and building. Monthly payments of \$1,708 (interest and principal) are due through March 2017.

124,131

Mortgage loan payable with variable interest at prime (3.25% at June 30, 2010) secured by a specified land and building. Monthly payments of \$1,860 (interest and principal) are due through March 2017.

135,165

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

8. MORTGAGES AND LOANS PAYABLE (continued):

Note payable secured by the purchase of a truck with interest at 4%. Monthly payments of \$967 (interest and principal) are due through January 2012.

17,750

Open line of credit for \$500,000 with Wachovia Bank. Interest at prime plus 1% (5.0% at June 30, 2010) collateralized by an investment account maintained at Wachovia with a minimum fair market value not below \$633,956.

500,000

\$ 4,230,985

Principal payments on mortgage and loans for the succeeding five years and thereafter are as follows for the year ending June 30:

2011	\$ 895,987
2012	442,726
2013	2,741,186
2014	38,476
2015	39,745
After 2015	<u>72,865</u>
	<u>\$ 4,230,985</u>

ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

9. FUNCTIONAL CLASSIFICATION OF EXPENSES:

Expenses are charged to program and supporting services on the basis of periodic time and expense studies. Allocations of total unrestricted expenses (with the inclusion of depreciation) for the year are as follows:

Program services:	
Instruction	\$989,703
Public service	94,050
Library	443,011
Student services	145,531
Theological research publications	24,568
Auxiliary enterprises	<u>1,202,501</u>
Total program services	<u>2,899,364</u>
Supporting services:	
General institutional	1,020,126
Development and communications	<u>383,713</u>
Total supporting services	<u>1,403,839</u>
Total expenses	<u>\$4,303,203</u>

10. RETIREMENT PLAN:

The Seminary participates in the Orthodox Church in America pension plan, which is a multi-employer plan. The plan provides defined benefits with participation available to all full-time employees. The Seminary contributes 6% of each employee's salary, and the employee contributes 6%. The retirement benefit costs charged to expense amounted to \$65,356 in 2010.

11. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through September 15, 2010, which is the date the financial statements are available for issuance.

THE MONKS OF NEW SKETE FINANCIAL STATEMENTS

1. Profit and Loss Statements for the years 2008 through 2010

The Monks of New Skete
Profit & Loss
January through December 2008 - 2010

	Jan - Dec 10	Jan - Dec 09	Jan - Dec 08
Ordinary Income/Expense			
Income			
Royalty Income	180,040.62	174,311.57	88,333.81
Contributions	239,391.35	416,696.48	178,115.91
Facilities Reimbursement	10,400.00	20,800.00	36,400.00
Soc Sec Bene's rec'd for member	21,618.41	21,666.10	17,238.94
Total Income	451,450.38	633,474.15	320,088.66
Expense			
Church Expenses	40,887.91	83,839.03	46,226.73
Guest House Expenses	683.37	4,028.54	1,555.25
Formation	5,999.97	4,964.40	6,360.75
G&A	262,648.90	107,282.76	193,837.22
Community	314,651.02	238,011.47	278,811.66
Depreciation	54,049.83	44,654.92	45,735.21
Total Expense	678,921.00	482,781.12	572,526.82
Excess of Operating Expenses over Revenues	-227,470.62	150,693.03	-252,438.16
Other Income/Expense			
Investment Income	59,448.77	72,042.25	72,702.81
Other Expense	-1,127.04	0.00	0.00
Total Other Income/Expense	58,321.73	72,042.25	72,702.81
Change in Net Assets	-169,148.89	222,735.28	-179,735.35

NUNS OF NEW SKETE FINANCIAL STATEMENTS

1. Balance Sheets as of end of 2008, 2009 and 2010
2. Profit and Loss Statements for the years ended December 2008, 2009 and 2010
3. Balance Sheet as of June 30, 2011
4. Profit and Loss Statement for the period January 1 – June 30, 2011

NUNS OF NEW SKETE
Monastery of Our Lady of the Sign
343 Ashgrove Road
Cambridge NY 12816
518 677 3810

ASSETS:	2008	2009	2010
Checking/Cash/Savings			
Checking	\$14,954	\$40,338	\$40,620
Cash	<u>\$27,509</u>	<u>\$15,637</u>	\$ 1,564
Total Cash	\$42,463	\$55,975	\$42,184
Savings	<u>\$442,176</u>	<u>\$ 613,046</u>	<u>\$497,539</u>
TOTAL CURRENT ASSETS	\$484,639	\$669,021	\$539,723
LIABILITIES;	<u>\$ 2,931</u>	<u>\$ 9,359</u>	<u>\$ 6,494</u>
NET BALANCE	\$481,708	\$659,662	\$533,229

The Nuns of New Skete
Profit and Loss
January -December 2008 to 2010

	2008	2009	2010
Ordinary Income /Expenses			
Income			
Contributions	26,445	66,699	19,050
Facilities Reimbursement	86,662	79,743	62,076
Soc. Sec. Bene rec'd-members	27,752	22,764	22,613
Other Work & Shop	19,283	23,013	30,489
Total Income	<u>160,142</u>	<u>192,219</u>	<u>134,228</u>
Expenses			
Church Expenses	2104	3071	1520
Formation	4304	3748	3439
Monastery	14,058	26,479	96,191
Community	91,838	120,218	92,602
Insurance	11,212	12,209	11,687
Labor	34,458	19,003	12,919
Medical	16,011	4020	7563
Total Expenses	<u>173,985</u>	<u>188,748</u>	<u>225,921</u>
Operating Expenses compared to Revenues	(13,843)	3471	(91,693)
Other Income/Expenses			
Other Income			
Interest and Dividend Income	1480	10,157	22,469
Net Other Income	<u>175,465</u>	<u>198,905</u>	<u>248,390</u>
Revenue in Excess of Expenses	(12,363)	13,628	(82,852)

The Nuns of New Skete
~~Profit and Loss~~ Balance Sheet
January - June 30, 2011

ASSETS:

Checking/Cash/Savings

Checking \$6847

Cash \$3588

Total Cash \$10,435

Savings \$ 489,183

TOTAL CURRENT ASSETS \$499,618

LIABILITIES: \$2011

NET BALANCE \$497,609

The Nuns of New Skete

Profit and Loss

January - June 30, 2011

Ordinary Income /Expenses

Income	
Contributions	1971
Facilities Reimbursement	15,010
Soc. Sec. Bene rec'd-members	1962
Other Work & Shop	9314
Total Income	38,650
Expenses	
Church Expenses	1442
Formation	1804
Monastery	12,048
Community	13,252
Insurance	12,210
Labor	7439
Medical	1164
Total Expenses	49,359
Operating Expenses compared to Revenues	(10,709)
Other Income/Expenses	
Other Income	
Interest and Dividend Income	11,986
Revenue in Excess of Expenses	1277

HOLY MYRRHBEARERS MONASTERY FINANCIAL STATEMENTS

1. Financial Report for the June 1, 2010 Trustees Meeting
2. Balance Sheet as of December 31, 2008 and Profit and Loss Statement for the year ended December 31, 2008
3. Balance Sheet as of December 31, 2009 and Profit and Loss Statement for the year ended December 31, 2009
4. Balance Sheet as of December 31, 2010 and Profit and Loss Statement for the year ended December 31, 2010
5. Balance Sheet as of July 26, 2011 and Profit and Loss Statement for the period ended July 26, 2011

We are working on an inventory of monastery assets to update our lists with our CPA, Ernie Skiadas. The current higher amount on the balance sheet in checking is due to money that will be transferred to investments on June 1, 2010.

Holy Myrrhbearers Monastery
Balance Sheet
 As of December 31, 2008

	Dec 31, 08
ASSETS	
Current Assets	
Checking/Savings	
checking	1,227.19
postulant savings	2,314.37
regular savings	1,460.62
special savings	5,207.71
- - Petty Cash	148.73
* · House Checking Account	4,568.45
Total Checking/Savings	14,927.07
Accounts Receivable	
11100 · Allowance for Doubtful Accounts	614.94
Total Accounts Receivable	614.94
Other Current Assets	
12000 · Undeposited Funds	4,655.87
12100 · Inventory Asset	
12101 · Books Published by Monastery	1,413.00
12102 · Purchased Books	370.00
12103 · Card Inventory	94.75
12104 · Farm Products	4,170.00
12106 · Palestinian Products	2,562.00
12100 · Inventory Asset - Other	426,446.90
Total 12100 · Inventory Asset	435,056.65
13500 · Supplies Inventory	
13501 · Farm Equipment	4,370.24
13502 · Yard & Garden Equipment	999.00
13500 · Supplies Inventory - Other	256.73
Total 13500 · Supplies Inventory	5,625.97
Total Other Current Assets	445,338.49
Total Current Assets	460,880.50
Fixed Assets	
15000 · Furniture and Equipment	5,362.43
15100 · Buildings - Operating	
15101 · Main Monastery	368,377.70
15103 · Guest House ("Millhouse")	41,800.00
15104 · Main Barn	32,374.12
15105 · Buck Barn	9,664.63
15106 · Ox Shed	689.96
15110 · Monastery Chapel	
15111 · Bells & Bell Tower	9,035.00
15112 · Chapel Furniture, Icons etc.	-4,000.00
15110 · Monastery Chapel - Other	4,050.00
Total 15110 · Monastery Chapel	9,085.00
15114 · Baptist Church	5,000.00
Total 15100 · Buildings - Operating	466,991.41
15700 · Land - Operating	
15701 · Main Monastery Property	71,362.50
15702 · Millhouse Property	1,500.00
Total 15700 · Land - Operating	72,862.50
15900 · Leasehold Improvements	2,000.00
16400 · Vehicles	14,060.90
17100 · Accum Depr - Furn and Equip	5,804.33

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Accrual Basis

Holy Myrrhbearers Monastery
Balance Sheet
As of December 31, 2008

	<u>Dec 31, 08</u>
17400 · Accum Depr - Vehicles	
17401 · Farm Vehicles and Equipment	3,300.00
17400 · Accum Depr - Vehicles - Other	35,412.75
Total 17400 · Accum Depr - Vehicles	<u>38,712.75</u>
Total Fixed Assets	605,794.32
Other Assets	
18000 · Marketable Securities	32,112.95
18100 · Land and Buildings - Investment	4,190.00
18600 · Other Assets	
18601 · Zoar Farms Livestock	5,000.00
Total 18600 · Other Assets	<u>5,000.00</u>
Total Other Assets	<u>41,302.95</u>
TOTAL ASSETS	<u><u>1,107,977.77</u></u>
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
27100 · Notes, Mortgages, and Leases	
27101 · RBO Note	30,150.77
27102 · NBT Bank Note	8,699.82
27103 · CNH Capital Note	2,988.92
27104 · Wilber Bank Note	19,191.04
27105 · V Tsismanakis Note	5,000.00
Total 27100 · Notes, Mortgages, and Leases	<u>66,030.55</u>
Total Long Term Liabilities	<u>66,030.55</u>
Total Liabilities	66,030.55
Equity	
30000 · Opening Bal Equity	1,005,835.32
32000 · Unrestricted Net Assets	14,138.10
Net Income	21,973.80
Total Equity	<u>1,041,947.22</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,107,977.77</u></u>

Holy Myrrhbearers Monastery
Profit & Loss
 January through December 2008

	Jan - Dec 08
Ordinary Income/Expense	
Income	
43400 · Direct Public Support	
43430 · Donated Prof Fees, Facilities	2,000.00
43440 · Gifts in Kind - Goods	3,705.90
43450 · Individ, Business Contributions	
43451 · Earmarked Donations	642.81
43450 · Individ, Business Contributions - Other	275,949.04
Total 43450 · Individ, Business Contributions	276,591.85
Total 43400 · Direct Public Support	282,297.75
45000 · Investments	
45020 · Dividend, Interest (Securities)	-4,391.65
Total 45000 · Investments	-4,391.65
46400 · Other Types of Income	
46411 · Royalties for Books etc.	413.95
46412 · Miscellaneous Services	750.00
46420 · Inventory Sales	
46421 · Sale of Monastery Books	4,305.33
46422 · Sale of Purchased Books	312.90
46423 · Sale of Cards	8,870.96
46424 · Sale of Farm Products	3,066.80
46425 · Sale of Icons	3,135.95
46426 · Sale of Palestinian Products	1,429.00
46427 · Various Consigned Items	200.00
46420 · Inventory Sales - Other	50.00
Total 46420 · Inventory Sales	21,370.94
46440 · Miscellaneous Revenue	
46441 · Reimbursements	-322.27
46440 · Miscellaneous Revenue - Other	3,033.33
Total 46440 · Miscellaneous Revenue	2,711.06
46400 · Other Types of Income - Other	800.00
Total 46400 · Other Types of Income	26,045.95
Total Income	303,952.05
Cost of Goods Sold	
50000 · Cost of Goods Sold	735.60
50700 · Cost of Sales - Inventory Sales	
50701 · Book Publishing	0.00
50702 · Book Purchases	0.00
50703 · Cost of Card Publication	382.30
50704 · Farm Product Preparation	3,485.89
50705 · Icon Studio Purchases	2,001.63
50706 · Palestinian Product Purchase	900.00
50700 · Cost of Sales - Inventory Sales - Other	0.00
Total 50700 · Cost of Sales - Inventory Sales	6,769.82
Total COGS	7,505.42
Gross Profit	296,446.63
Expense	
60900 · Business Expenses	
60950 · UBITaxes	
60951 · Sales Tax Collected	174.03
Total 60950 · UBITaxes	174.03
60900 · Business Expenses - Other	28.00
Total 60900 · Business Expenses	202.03

Holy Myrrhbearers Monastery
Profit & Loss
 January through December 2008

	Jan - Dec 08
62100 · Contract Services	
62140 · Legal Fees	255.00
62150 · Outside Contract Services	70.85
62160 · Credit Card & Bank Fees	1,975.16
62100 · Contract Services - Other	-20.00
Total 62100 · Contract Services	2,281.01
62800 · Facilities and Equipment	
62820 · Grounds & Landscaping	13,563.03
62840 · Equip Rental and Maintenance	432.17
62841 · Household Equipment	3,156.44
62870 · Property Insurance	2,127.18
62880 · Real Estate, Personal Prop Tax	4,401.16
62890 · Utilities, Fuel & Electric Co	15,678.45
Total 62800 · Facilities and Equipment	39,358.43
65000 · Operations	
65010 · Books, Subscriptions, Reference	
65011 · Library	147.09
65010 · Books, Subscriptions, Reference - Other	495.34
Total 65010 · Books, Subscriptions, Reference	642.43
65020 · Postage, Mailing Service	2,662.65
65030 · Printing and Copying	1,135.48
65040 · Supplies	2,118.34
65050 · Telephone, Telecommunications	1,977.17
65060 · Computers and Internet	
65061 · Credit Card Processing	1,055.19
65060 · Computers and Internet - Other	1,707.79
Total 65060 · Computers and Internet	2,762.98
65070 · Customer Refunds	410.85
Total 65000 · Operations	11,709.90
65100 · Other Types of Expenses	
65110 · Advertising Expenses	
65111 · In-house Fundraising	6,645.98
65112 · Marketing, Display Expenses etc	76.30
Total 65110 · Advertising Expenses	6,722.28
65120 · Insurance - Liability, D and O	
65121 · Life Insurance	1,455.72
65122 · Workers' Compensation Insurance	5.81
65120 · Insurance - Liability, D and O - Other	6,348.50
Total 65120 · Insurance - Liability, D and O	7,810.03
65150 · Memberships and Dues	414.64
65151 · Church Obligations & Charity	7,434.53
65160 · Other Costs	657.00
65161 · Chapel Expenses	1,144.47
65162 · Loan Interest	2,477.43
65163 · Misc. Late Fees	149.92
Total 65100 · Other Types of Expenses	26,810.30
66000 · Payroll Expenses	7,481.68
66900 · Reconciliation Discrepancies	-520.30

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Accrual Basis

Holy Myrrhbearers Monastery
Profit & Loss
January through December 2008

	<u>Jan - Dec 08</u>
67000 · Monastic Household	
67001 · General Maintenance & Upkeep	7,716.74
67002 · Food and Groceries	16,052.67
67003 · Shoes and Clothing	1,430.29
67004 · Health Care	58,507.69
67005 · Pet Food and Upkeep	988.63
67007 · Vehicle Gas & Maintenance	8,377.92
67009 · Personal	1,268.59
67010 · Misplaced Funds	109.41
67011 · Kitchen Garden	1,100.03
67012 · Sewing	377.55
67000 · Monastic Household - Other	27,467.41
Total 67000 · Monastic Household	<u>123,396.93</u>
67200 · Guest Ministry & Hospitality	
67201 · Guest House Phone Utilities etc	1,080.41
67200 · Guest Ministry & Hospitality - Other	658.08
Total 67200 · Guest Ministry & Hospitality	<u>1,738.49</u>
67500 · Zoar Farms	
67501 · Livestock Feed	32,402.35
67502 · Routine Farm Maintenance	980.04
67503 · Livestock Vet Care & Meds	3,294.55
67504 · Farm Equipment	14,384.25
67505 · Memberships & Subscriptions	487.96
67506 · Barn Maintenance & Renovation	1,242.28
67507 · Farm Vehicle Gas & Maintenance	958.42
67508 · Pastures & Fencing	1,991.88
67509 · Animal Pedigree Registration	0.00
67510 · Dairy Supplies	587.11
67511 · Farm Employee Insurance	249.10
67500 · Zoar Farms - Other	2,388.52
Total 67500 · Zoar Farms	<u>58,966.46</u>
68300 · Travel and Meetings	
68310 · Conference, Convention, Meeting	
68311 · Training Workshops	100.00
Total 68310 · Conference, Convention, Meeting	<u>100.00</u>
68320 · Travel	1,848.41
68300 · Travel and Meetings - Other	1,099.46
Total 68300 · Travel and Meetings	<u>3,047.87</u>
69800 · Uncategorized Expenses	0.03
Total Expense	<u>274,472.83</u>
Net Ordinary Income	<u>21,973.80</u>
Net Income	<u><u>21,973.80</u></u>

Holy Myrrhbearers Monastery
Balance Sheet
 As of December 31, 2009

	Dec 31, 09
ASSETS	
Current Assets	
Checking/Savings	
checking	11,472.40
regular savings	3,273.20
special savings	15,792.50
- · Petty Cash	83.69
* · House Checking Account	1,537.54
Total Checking/Savings	32,159.33
Accounts Receivable	
11100 · Allowance for Doubtful Accounts	188.50
Total Accounts Receivable	188.50
Other Current Assets	
12000 · Undeposited Funds	9,652.68
12100 · Inventory Asset	
12101 · Books Published by Monastery	1,413.00
12102 · Purchased Books	370.00
12103 · Card Inventory	80,014.75
12104 · Farm Products	4,170.00
12106 · Palestinian Products	2,562.00
12100 · Inventory Asset - Other	430,873.20
Total 12100 · Inventory Asset	519,402.95
12200 · Accrued Revenue	318,000.00
13500 · Supplies Inventory	
13501 · Farm Equipment	5,012.81
13502 · Yard & Garden Equipment	999.00
13500 · Supplies Inventory - Other	256.73
Total 13500 · Supplies Inventory	6,268.54
Total Other Current Assets	853,324.17
Total Current Assets	885,672.00
Fixed Assets	
15000 · Furniture and Equipment	5,362.43
15100 · Buildings - Operating	
15101 · Main Monastery	368,377.70
15103 · Guest House ("Millhouse")	41,800.00
15104 · Main Barn	32,374.12
15105 · Buck Barn	9,664.63
15106 · Ox Shed	689.96
15110 · Monastery Chapel	
15111 · Bells & Bell Tower	9,035.00
15112 · Chapel Furniture, Icons etc.	-4,000.00
15110 · Monastery Chapel - Other	4,050.00
Total 15110 · Monastery Chapel	9,085.00
15114 · Baptist Church	5,000.00
Total 15100 · Buildings - Operating	466,991.41
15700 · Land - Operating	
15701 · Main Monastery Property	71,362.50
15702 · Millhouse Property	1,500.00
Total 15700 · Land - Operating	72,862.50
15900 · Leasehold Improvements	2,000.00
16400 · Vehicles	14,060.90
17100 · Accum Depr - Furn and Equip	6,907.19

Holy Myrrhbearers Monastery
Balance Sheet
As of December 31, 2009

	<u>Dec 31, 09</u>
17400 · Accum Depr - Vehicles	
17401 · Farm Vehicles and Equipment	5,618.00
17400 · Accum Depr - Vehicles - Other	35,412.75
Total 17400 · Accum Depr - Vehicles	<u>41,030.75</u>
Total Fixed Assets	609,215.18
Other Assets	
18000 · Marketable Securities	31,349.12
18100 · Land and Buildings - Investment	4,190.00
18600 · Other Assets	
18601 · Zoar Farms Livestock	5,226.16
Total 18600 · Other Assets	<u>5,226.16</u>
Total Other Assets	<u>40,765.28</u>
TOTAL ASSETS	<u><u>1,535,652.46</u></u>
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
27100 · Notes, Mortgages, and Leases	
27101 · RBO Note	19,687.31
27105 · V Tsismanakis Note	5,000.00
27100 · Notes, Mortgages, and Leases - Other	-276.06
Total 27100 · Notes, Mortgages, and Leases	<u>24,411.25</u>
27200 · Other Liabilities	-9,693.87
27300 · Refundable Deposits Payable	
27301 · Postulant Trust Holding	
27302 · Due To Debra Hile	328,000.00
Total 27301 · Postulant Trust Holding	<u>328,000.00</u>
Total 27300 · Refundable Deposits Payable	<u>328,000.00</u>
Total Long Term Liabilities	<u>342,717.38</u>
Total Liabilities	342,717.38
Equity	
30000 · Opening Bal Equity	1,090,585.32
32000 · Unrestricted Net Assets	36,111.90
Net Income	66,237.86
Total Equity	<u>1,192,935.08</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,535,652.46</u></u>

Holy Myrrhbearers Monastery
Profit & Loss
 January through December 2009

	Jan - Dec 09
Ordinary Income/Expense	
Income	
43400 · Direct Public Support	
43450 · Individ, Business Contributions	
43451 · Earmarked Donations	31,709.81
43450 · Individ, Business Contributions - Other	193,570.03
Total 43450 · Individ, Business Contributions	225,279.84
43400 · Direct Public Support - Other	14.06
Total 43400 · Direct Public Support	225,293.90
45000 · Investments	
45020 · Dividend, Interest (Securities)	6.10
Total 45000 · Investments	6.10
46400 · Other Types of Income	
46412 · Miscellaneous Services	50.00
46420 · Inventory Sales	
46421 · Sale of Monastery Books	4,326.62
46422 · Sale of Purchased Books	248.20
46423 · Sale of Cards	6,399.73
46424 · Sale of Farm Products	14,548.08
46425 · Sale of Icons	1,425.00
46426 · Sale of Palestinian Products	1,148.50
46427 · Various Consigned Items	145.00
46420 · Inventory Sales - Other	210.00
Total 46420 · Inventory Sales	28,451.13
46440 · Miscellaneous Revenue	
46441 · Reimbursements	66.78
46440 · Miscellaneous Revenue - Other	2,642.29
Total 46440 · Miscellaneous Revenue	2,709.07
46400 · Other Types of Income - Other	1,400.00
Total 46400 · Other Types of Income	32,610.20
Total Income	257,910.20
Cost of Goods Sold	
50000 · Cost of Goods Sold	179.05
50700 · Cost of Sales - Inventory Sales	
50701 · Book Publishing	5,470.39
50702 · Book Purchases	606.10
50703 · Cost of Card Publication	522.80
50704 · Farm Product Preparation	339.86
50705 · Icon Studio Purchases	38.37
50706 · Palestinian Product Purchase	1,022.00
50700 · Cost of Sales - Inventory Sales - Other	0.00
Total 50700 · Cost of Sales - Inventory Sales	7,999.52
Total COGS	8,178.57
Gross Profit	249,731.63
Expense	
60900 · Business Expenses	
60950 · UBITaxes	
60951 · Sales Tax Collected	65.24
Total 60950 · UBITaxes	65.24
Total 60900 · Business Expenses	65.24

Holy Myrrhbearers Monastery
Profit & Loss
 January through December 2009

	Jan - Dec 09
62100 · Contract Services	
62150 · Outside Contract Services	64.78
62160 · Credit Card & Bank Fees	7,107.53
62100 · Contract Services - Other	-1,318.29
Total 62100 · Contract Services	5,854.02
62800 · Facilities and Equipment	
62810 · Depr and Amort - Allowable	569.68
62820 · Grounds & Landscaping	904.87
62840 · Equip Rental and Maintenance	89.94
62841 · Household Equipment	29.99
62870 · Property Insurance	2,764.93
62880 · Real Estate, Personal Prop Tax	6,435.60
62890 · Utilities, Fuel & Electric Co	11,649.34
Total 62800 · Facilities and Equipment	22,444.35
65000 · Operations	
65010 · Books, Subscriptions, Reference	
65011 · Library	116.66
65010 · Books, Subscriptions, Reference - Other	214.83
Total 65010 · Books, Subscriptions, Reference	331.49
65020 · Postage, Mailing Service	3,602.05
65030 · Printing and Copying	462.44
65040 · Supplies	207.99
65050 · Telephone, Telecommunications	3,026.62
65060 · Computers and Internet	
65061 · Credit Card Processing	1,004.50
65060 · Computers and Internet - Other	1,639.83
Total 65060 · Computers and Internet	2,644.33
65070 · Customer Refunds	97.88
Total 65000 · Operations	10,372.80
65100 · Other Types of Expenses	
65110 · Advertising Expenses	
65111 · In-house Fundraising	2,092.03
65112 · Marketing, Display Expenses etc	104.37
65110 · Advertising Expenses - Other	35.00
Total 65110 · Advertising Expenses	2,231.40
65120 · Insurance - Liability, D and O	
65121 · Life Insurance	1,368.32
65122 · Workers' Compensation Insurance	
65123 · NY DISABILITY	19.92
65122 · Workers' Compensation Insurance - Other	19.92
Total 65122 · Workers' Compensation Insurance	39.84
65120 · Insurance - Liability, D and O - Other	2,945.00
Total 65120 · Insurance - Liability, D and O	4,353.16
65150 · Memberships and Dues	789.80
65151 · Church Obligations & Charity	487.14
65161 · Chapel Expenses	1,326.47
65162 · Loan Interest	1,536.54
65163 · Misc. Late Fees	8.36
Total 65100 · Other Types of Expenses	10,732.87
66000 · Payroll Expenses	8,288.40
66900 · Reconciliation Discrepancies	-4.97

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Accrual Basis

Holy Myrrhbearers Monastery
Profit & Loss
January through December 2009

	Jan - Dec 09
67000 · Monastic Household	
67001 · General Maintenance & Upkeep	3,747.06
67002 · Food and Groceries	10,263.30
67003 · Shoes and Clothing	634.94
67004 · Health Care	35,372.85
67005 · Pet Food and Upkeep	840.21
67006 · Vehicle Insurance	1,809.50
67007 · Vehicle Gas & Maintenance	8,338.69
67009 · Personal	1,070.33
67010 · Misplaced Funds	22.86
67011 · Kitchen Garden	961.19
67000 · Monastic Household - Other	22,631.37
Total 67000 · Monastic Household	85,692.30
67200 · Guest Ministry & Hospitality	
67201 · Guest House Phone Utilities etc	3,157.30
67200 · Guest Ministry & Hospitality - Other	77.29
Total 67200 · Guest Ministry & Hospitality	3,234.59
67500 · Zoar Farms	
67501 · Livestock Feed	16,454.70
67502 · Routine Farm Maintenance	3,736.28
67503 · Livestock Vet Care & Meds	2,874.21
67504 · Farm Equipment	4,436.79
67505 · Memberships & Subscriptions	93.43
67506 · Barn Maintenance & Renovation	1,860.37
67507 · Farm Vehicle Gas & Maintenance	3,225.18
67508 · Pastures & Fencing	89.07
67509 · Animal Pedigree Registration	219.50
67510 · Dairy Supplies	151.02
67511 · Farm Employee Insurance	571.90
67500 · Zoar Farms - Other	1,129.07
Total 67500 · Zoar Farms	34,841.52
68300 · Travel and Meetings	
68310 · Conference, Convention, Meeting	
68311 · Training Workshops	408.00
Total 68310 · Conference, Convention, Meeting	408.00
68320 · Travel	1,032.46
Total 68300 · Travel and Meetings	1,440.46
Total Expense	182,961.58
Net Ordinary Income	66,770.05
Other Income/Expense	
Other Expense	
80000 · Ask My Accountant	532.19
Total Other Expense	532.19
Net Other Income	-532.19
Net Income	66,237.86

Holy Myrrhbearers Monastery
Balance Sheet
 As of December 31, 2010

	Dec 31, 10
ASSETS	
Current Assets	
Checking/Savings	
checking	2,164.01
regular savings	3,800.95
special savings	34,626.54
- · Petty Cash	309.11
* · House Checking Account	3,674.26
Total Checking/Savings	44,574.87
Accounts Receivable	
11100 · Allowance for Doubtful Accounts	52.56
11400 · Grants Receivable	
11401 · Reimbursements	-13.80
Total 11400 · Grants Receivable	-13.80
Total Accounts Receivable	38.76
Other Current Assets	
12000 · Undeposited Funds	1,798.00
12100 · Inventory Asset	
12101 · Books Published by Monastery	1,413.00
12102 · Purchased Books	370.00
12103 · Card Inventory	80,014.75
12104 · Farm Products	4,170.00
12106 · Palestinian Products	2,562.00
12100 · Inventory Asset - Other	430,729.70
Total 12100 · Inventory Asset	519,259.45
12200 · Accrued Revenue	318,000.00
13500 · Supplies Inventory	
13501 · Farm Equipment	5,012.81
13502 · Yard & Garden Equipment	999.00
13500 · Supplies Inventory - Other	256.73
Total 13500 · Supplies Inventory	6,268.54
Total Other Current Assets	845,325.99
Total Current Assets	889,939.62
Fixed Assets	
15000 · Furniture and Equipment	5,362.43
15100 · Buildings - Operating	
15101 · Main Monastery	368,377.70
15103 · Guest House ("Millhouse")	41,800.00
15104 · Main Barn	32,374.12
15105 · Buck Barn	9,664.63
15106 · Ox Shed	689.96
15107 · POUSTINIA	15,106.40
15110 · Monastery Chapel	
15111 · Bells & Bell Tower	9,035.00
15112 · Chapel Furniture, Icons etc.	-4,000.00
15110 · Monastery Chapel - Other	4,050.00
Total 15110 · Monastery Chapel	9,085.00
15114 · Baptist Church	5,000.00
15100 · Buildings - Operating - Other	800.00
Total 15100 · Buildings - Operating	482,897.81
15700 · Land - Operating	
15701 · Main Monastery Property	71,362.50
15702 · Millhouse Property	1,500.00
Total 15700 · Land - Operating	72,862.50

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Accrual Basis

Holy Myrrhbearers Monastery
Balance Sheet
As of December 31, 2010

	<u>Dec 31, 10</u>
15900 · Leasehold Improvements	2,000.00
16400 · Vehicles	14,060.90
17100 · Accum Depr - Furn and Equip	6,907.19
17400 · Accum Depr - Vehicles	
17401 · Farm Vehicles and Equipment	5,618.00
17400 · Accum Depr - Vehicles - Other	35,412.75
Total 17400 · Accum Depr - Vehicles	<u>41,030.75</u>
Total Fixed Assets	625,121.58
Other Assets	
18000 · Marketable Securities	31,349.12
18100 · Land and Buildings - Investment	4,190.00
18300 · Other Investments	15,000.00
18600 · Other Assets	
18601 · Zoar Farms Livestock	5,376.16
Total 18600 · Other Assets	<u>5,376.16</u>
Total Other Assets	<u>55,915.28</u>
TOTAL ASSETS	<u><u>1,570,976.48</u></u>
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
27100 · Notes, Mortgages, and Leases	
27101 · RBO Note	-339.10
27100 · Notes, Mortgages, and Leases - Other	-276.06
Total 27100 · Notes, Mortgages, and Leases	<u>-615.16</u>
27200 · Other Liabilities	-9,693.87
27300 · Refundable Deposits Payable	
27301 · Postulant Trust Holding	
27302 · Due To Debra Hile	328,000.00
27301 · Postulant Trust Holding - Other	-26,391.30
Total 27301 · Postulant Trust Holding	<u>301,608.70</u>
Total 27300 · Refundable Deposits Payable	<u>301,608.70</u>
Total Long Term Liabilities	<u>291,299.67</u>
Total Liabilities	291,299.67
Equity	
30000 · Opening Bal Equity	1,090,585.32
32000 · Unrestricted Net Assets	102,349.76
Net Income	86,741.73
Total Equity	<u>1,279,676.81</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,570,976.48</u></u>

Holy Myrrhbearers Monastery
Profit & Loss
 January through December 2010

	Jan - Dec 10
Ordinary Income/Expense	
Income	
43400 · Direct Public Support	
43450 · Individ, Business Contributions	
43451 · Earmarked Donations	13,911.29
43450 · Individ, Business Contributions - Other	224,355.44
Total 43450 · Individ, Business Contributions	238,266.73
Total 43400 · Direct Public Support	238,266.73
45000 · Investments	
45020 · Dividend, Interest (Securities)	10.72
45000 · Investments - Other	-11,000.00
Total 45000 · Investments	-10,989.28
46400 · Other Types of Income	
46410 · Retreat or Talk Honoraria	200.00
46411 · Royalties for Books etc.	330.05
46420 · Inventory Sales	
46421 · Sale of Monastery Books	4,931.92
46422 · Sale of Purchased Books	415.45
46423 · Sale of Cards	5,710.39
46424 · Sale of Farm Products	3,863.29
46425 · Sale of Icons	1,075.00
46426 · Sale of Palestinian Products	1,362.50
46427 · Various Consigned Items	80.00
46428 · Sale of vestments/repairs	150.00
Total 46420 · Inventory Sales	17,588.55
46440 · Miscellaneous Revenue	
46441 · Reimbursements	97.45
46440 · Miscellaneous Revenue - Other	2,634.72
Total 46440 · Miscellaneous Revenue	2,732.17
46400 · Other Types of Income - Other	1,776.26
Total 46400 · Other Types of Income	22,627.03
Total Income	249,904.48
Cost of Goods Sold	
50000 · Cost of Goods Sold	-2,117.60
50700 · Cost of Sales - Inventory Sales	
50701 · Book Publishing	0.00
50702 · Book Purchases	0.00
50703 · Cost of Card Publication	468.75
50704 · Farm Product Preparation	398.15
50705 · Icon Studio Purchases	831.73
50706 · Palestinian Product Purchase	0.00
50700 · Cost of Sales - Inventory Sales - Other	0.00
Total 50700 · Cost of Sales - Inventory Sales	1,698.63
Total COGS	-418.97
Gross Profit	250,323.45
Expense	
60900 · Business Expenses	
60950 · UBITaxes	
60951 · Sales Tax Collected	20.98
Total 60950 · UBITaxes	20.98
Total 60900 · Business Expenses	20.98

Holy Myrrhbearers Monastery

Profit & Loss

January through December 2010

	Jan - Dec 10
62100 · Contract Services	
62150 · Outside Contract Services	187.86
62160 · Credit Card & Bank Fees	725.22
Total 62100 · Contract Services	913.08
62800 · Facilities and Equipment	
62820 · Grounds & Landscaping	802.16
62840 · Equip Rental and Maintenance	1,475.07
62841 · Household Equipment	1,141.61
62870 · Property Insurance	2,750.43
62880 · Real Estate, Personal Prop Tax	6,025.76
62890 · Utilities, Fuel & Electric Co	14,428.80
Total 62800 · Facilities and Equipment	26,623.83
65000 · Operations	
65010 · Books, Subscriptions, Reference	
65011 · Library	178.69
65010 · Books, Subscriptions, Reference - Other	87.85
Total 65010 · Books, Subscriptions, Reference	266.54
65020 · Postage, Mailing Service	4,040.56
65030 · Printing and Copying	3,634.57
65040 · Supplies	163.55
65050 · Telephone, Telecommunications	1,862.50
65060 · Computers and Internet	
65061 · Credit Card Processing	1,327.92
65060 · Computers and Internet - Other	1,408.91
Total 65060 · Computers and Internet	2,736.83
65070 · Customer Refunds	32.65
Total 65000 · Operations	12,737.20
65100 · Other Types of Expenses	
65120 · Insurance - Liability, D and O	
65121 · Life Insurance	1,368.32
65120 · Insurance - Liability, D and O - Other	1,965.16
Total 65120 · Insurance - Liability, D and O	3,333.48
65150 · Memberships and Dues	369.00
65151 · Church Obligations & Charity	9,274.73
65160 · Other Costs	37.57
65161 · Chapel Expenses	9,294.03
65162 · Loan Interest	409.19
65163 · Misc. Late Fees	19.58
Total 65100 · Other Types of Expenses	22,737.58
66000 · Payroll Expenses	5,539.64
66900 · Reconciliation Discrepancies	30.20
67000 · Monastic Household	
67001 · General Maintenance & Upkeep	2,757.83
67002 · Food and Groceries	12,310.63
67003 · Shoes and Clothing	1,251.13
67004 · Health Care	18,612.16
67005 · Pet Food and Upkeep	893.19
67006 · Vehicle Insurance	3,468.75
67007 · Vehicle Gas & Maintenance	6,736.42
67009 · Personal	660.10
67011 · Kitchen Garden	1,395.24
67012 · Sewing	1,010.46
67000 · Monastic Household - Other	1,000.47
Total 67000 · Monastic Household	50,096.38

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Accrual Basis

Holy Myrrhbearers Monastery
Profit & Loss
January through December 2010

	<u>Jan - Dec 10</u>
67200 · Guest Ministry & Hospitality	
67201 · Guest House Phone Utilities etc	1,464.19
67200 · Guest Ministry & Hospitality - Other	803.59
Total 67200 · Guest Ministry & Hospitality	2,267.78
67500 · Zoar Farms	
67501 · Livestock Feed	17,219.52
67502 · Routine Farm Maintenance	533.05
67503 · Livestock Vet Care & Meds	2,930.50
67504 · Farm Equipment	2,647.08
67505 · Memberships & Subscriptions	168.90
67506 · Barn Maintenance & Renovation	3,679.17
67507 · Farm Vehicle Gas & Maintenance	4,832.58
67508 · Pastures & Fencing	2,614.16
67509 · Animal Pedigree Registration	231.61
67510 · Dairy Supplies	229.28
67511 · Farm Employee Insurance	751.00
67512 · Livestock Purchase	550.00
67500 · Zoar Farms - Other	3,978.50
Total 67500 · Zoar Farms	40,365.35
68300 · Travel and Meetings	
68310 · Conference, Convention, Meeting	
68311 · Training Workshops	80.00
Total 68310 · Conference, Convention, Meeting	80.00
68320 · Travel	1,254.79
68300 · Travel and Meetings - Other	760.86
Total 68300 · Travel and Meetings	2,095.65
69800 · Uncategorized Expenses	64.05
Total Expense	163,491.72
Net Ordinary Income	86,831.73
Other Income/Expense	
Other Expense	
80000 · Ask My Accountant	90.00
Total Other Expense	90.00
Net Other Income	-90.00
Net Income	86,741.73

Holy Myrrhbearers Monastery
Balance Sheet
 As of July 26, 2011

	Jul 26, 11
ASSETS	
Current Assets	
Checking/Savings	
checking	1,536.16
regular savings	2,229.84
special savings	14,033.08
- · Petty Cash	73.53
* · House Checking Account	1,490.11
Total Checking/Savings	19,362.72
Accounts Receivable	
11100 · Allowance for Doubtful Accounts	1,018.03
11400 · Grants Receivable	
11401 · Reimbursements	-13.80
Total 11400 · Grants Receivable	-13.80
Total Accounts Receivable	1,004.23
Other Current Assets	
12100 · Inventory Asset	
12101 · Books Published by Monastery	1,413.00
12102 · Purchased Books	370.00
12103 · Card Inventory	80,014.75
12104 · Farm Products	4,170.00
12106 · Palestinian Products	2,562.00
12100 · Inventory Asset - Other	465,002.85
Total 12100 · Inventory Asset	553,532.60
12200 · Accrued Revenue	318,000.00
13500 · Supplies Inventory	
13501 · Farm Equipment	5,012.81
13502 · Yard & Garden Equipment	999.00
13500 · Supplies Inventory - Other	256.73
Total 13500 · Supplies Inventory	6,268.54
Total Other Current Assets	877,801.14
Total Current Assets	898,168.09
Fixed Assets	
15000 · Furniture and Equipment	6,312.43
15100 · Buildings - Operating	
15101 · Main Monastery	368,377.70
15103 · Guest House ("Millhouse")	41,800.00
15104 · Main Barn	32,374.12
15105 · Buck Barn	9,664.63
15106 · Ox Shed	689.96
15107 · POUSTINIA	15,106.40
15110 · Monastery Chapel	
15111 · Bells & Bell Tower	9,035.00
15112 · Chapel Furniture, Icons etc.	-4,000.00
15110 · Monastery Chapel - Other	4,050.00
Total 15110 · Monastery Chapel	9,085.00
15114 · Baptist Church	5,000.00
15100 · Buildings - Operating - Other	800.00
Total 15100 · Buildings - Operating	482,897.81
15700 · Land - Operating	
15701 · Main Monastery Property	71,362.50
15702 · Millhouse Property	1,500.00
Total 15700 · Land - Operating	72,862.50
15900 · Leasehold Improvements	2,000.00
16400 · Vehicles	14,060.90
17100 · Accum Depr - Furn and Equip	6,907.19

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Accrual Basis

Holy Myrrhbearers Monastery
Balance Sheet
As of July 26, 2011

	<u>Jul 26, 11</u>
17400 · Accum Depr - Vehicles	
17401 · Farm Vehicles and Equipment	6,368.00
17400 · Accum Depr - Vehicles - Other	35,412.75
Total 17400 · Accum Depr - Vehicles	<u>41,780.75</u>
Total Fixed Assets	626,821.58
Other Assets	
18000 · Marketable Securities	31,349.12
18100 · Land and Buildings - Investment	4,190.00
18300 · Other Investments	15,000.00
18600 · Other Assets	
18601 · Zoar Farms Livestock	5,376.16
Total 18600 · Other Assets	<u>5,376.16</u>
Total Other Assets	<u>55,915.28</u>
TOTAL ASSETS	<u><u>1,580,904.95</u></u>
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
27100 · Notes, Mortgages, and Leases	
27101 · RBO Note	-339.10
27100 · Notes, Mortgages, and Leases - Other	-276.06
Total 27100 · Notes, Mortgages, and Leases	<u>-615.16</u>
27200 · Other Liabilities	-9,693.87
27300 · Refundable Deposits Payable	
27301 · Postulant Trust Holding	
27302 · Due To Debra Hile	328,000.00
27301 · Postulant Trust Holding - Other	-26,391.30
Total 27301 · Postulant Trust Holding	<u>301,608.70</u>
Total 27300 · Refundable Deposits Payable	<u>301,608.70</u>
Total Long Term Liabilities	<u>291,299.67</u>
Total Liabilities	291,299.67
Equity	
30000 · Opening Bal Equity	1,125,585.32
32000 · Unrestricted Net Assets	189,091.49
Net Income	-25,071.53
Total Equity	<u>1,289,605.28</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,580,904.95</u></u>

Holy Myrrhbearers Monastery
Profit & Loss
 January 1 through July 26, 2011

	Jan 1 - Jul 26, 11
Ordinary Income/Expense	
Income	
43400 · Direct Public Support	
43450 · Individ, Business Contributions	
43451 · Earmarked Donations	525.00
43450 · Individ, Business Contributions - Other	67,517.00
Total 43450 · Individ, Business Contributions	68,042.00
Total 43400 · Direct Public Support	68,042.00
45000 · Investments	
45020 · Dividend, Interest (Securities)	16.38
Total 45000 · Investments	16.38
46400 · Other Types of Income	
46411 · Royalties for Books etc.	86.21
46420 · Inventory Sales	
46421 · Sale of Monastery Books	2,928.53
46422 · Sale of Purchased Books	121.65
46423 · Sale of Cards	2,292.22
46424 · Sale of Farm Products	3,397.10
46426 · Sale of Palestinian Products	798.50
Total 46420 · Inventory Sales	9,538.00
46440 · Miscellaneous Revenue	
46441 · Reimbursements	344.90
46440 · Miscellaneous Revenue - Other	3,588.99
Total 46440 · Miscellaneous Revenue	3,933.89
Total 46400 · Other Types of Income	13,558.10
Total Income	81,616.48
Cost of Goods Sold	
50000 · Cost of Goods Sold	536.45
50700 · Cost of Sales - Inventory Sales	
50701 · Book Publishing	613.70
50702 · Book Purchases	0.00
50703 · Cost of Card Publication	3,485.09
50704 · Farm Product Preparation	1,326.50
50706 · Palestinian Product Purchase	832.00
50700 · Cost of Sales - Inventory Sales - Other	0.00
Total 50700 · Cost of Sales - Inventory Sales	6,257.29
Total COGS	6,793.74
Gross Profit	74,822.74
Expense	
60900 · Business Expenses	
60950 · UBITaxes	
60951 · Sales Tax Collected	8.10
Total 60950 · UBITaxes	8.10
Total 60900 · Business Expenses	8.10
62100 · Contract Services	
62150 · Outside Contract Services	194.80
62160 · Credit Card & Bank Fees	162.67
Total 62100 · Contract Services	357.47

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Accrual Basis

Holy Myrrhbearers Monastery
Profit & Loss
January 1 through July 26, 2011

	Jan 1 - Jul 26, 11
62800 · Facilities and Equipment	
62820 · Grounds & Landscaping	2,334.32
62840 · Equip Rental and Maintenance	469.20
62841 · Household Equipment	495.98
62870 · Property Insurance	2,127.18
62880 · Real Estate, Personal Prop Tax	1,962.12
62890 · Utilities, Fuel & Electric Co	9,609.59
Total 62800 · Facilities and Equipment	16,998.39
65000 · Operations	
65010 · Books, Subscriptions, Reference	
65011 · Library	47.34
65010 · Books, Subscriptions, Reference - Other	104.54
Total 65010 · Books, Subscriptions, Reference	151.88
65020 · Postage, Mailing Service	2,827.58
65030 · Printing and Copying	3,646.41
65040 · Supplies	134.88
65050 · Telephone, Telecommunications	1,175.50
65060 · Computers and Internet	
65061 · Credit Card Processing	1,069.37
65060 · Computers and Internet - Other	3,340.97
Total 65060 · Computers and Internet	4,410.34
65070 · Customer Refunds	1,049.00
Total 65000 · Operations	13,395.59
65100 · Other Types of Expenses	
65120 · Insurance - Liability, D and O	
65121 · Life Insurance	684.16
65120 · Insurance - Liability, D and O - Other	1,332.73
Total 65120 · Insurance - Liability, D and O	2,016.89
65130 · Income Taxes	522.00
65150 · Memberships and Dues	35.00
65151 · Church Obligations & Charity	2,792.00
65161 · Chapel Expenses	14,072.44
65163 · Misc. Late Fees	5.35
Total 65100 · Other Types of Expenses	19,443.68
67000 · Monastic Household	
67001 · General Maintenance & Upkeep	1,919.24
67002 · Food and Groceries	5,617.12
67003 · Shoes and Clothing	1,614.15
67004 · Health Care	9,515.22
67005 · Pet Food and Upkeep	1,851.32
67006 · Vehicle Insurance	1,679.00
67007 · Vehicle Gas & Maintenance	6,527.84
67009 · Personal	493.42
67011 · Kitchen Garden	1,445.61
67000 · Monastic Household - Other	1,313.20
Total 67000 · Monastic Household	31,976.12
67200 · Guest Ministry & Hospitality	
67201 · Guest House Phone Utilities etc	1,479.19
67200 · Guest Ministry & Hospitality - Other	329.88
Total 67200 · Guest Ministry & Hospitality	1,809.07

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Accrual Basis

Holy Myrrhbearers Monastery
Profit & Loss
January 1 through July 26, 2011

	<u>Jan 1 - Jul 26, 11</u>
67500 · Zoar Farms	
67501 · Livestock Feed	6,866.76
67502 · Routine Farm Maintenance	2,417.60
67503 · Livestock Vet Care & Meds	1,118.06
67504 · Farm Equipment	1,640.30
67505 · Memberships & Subscriptions	131.73
67506 · Barn Maintenance & Renovation	203.50
67507 · Farm Vehicle Gas & Maintenance	2,621.75
67508 · Pastures & Fencing	200.00
67509 · Animal Pedigree Registration	40.00
67510 · Dairy Supplies	107.10
Total 67500 · Zoar Farms	<u>15,346.80</u>
68300 · Travel and Meetings	
68320 · Travel	555.05
68300 · Travel and Meetings - Other	4.00
Total 68300 · Travel and Meetings	<u>559.05</u>
Total Expense	<u>99,894.27</u>
Net Ordinary Income	<u>-25,071.53</u>
Net Income	<u><u>-25,071.53</u></u>

**PROTECTION OF THE MOST HOLY THEOTOKOS
MONASTERY
FINANCIAL STATEMENTS**

1. Profit and Loss Statement for the year ended December 31, 2008
2. Profit and Loss Statement for the year ended December 31, 2009
3. Profit and Loss Statement for the year ended December 31, 2010

Protection of the Most Holy Theotokos Monastery

45 Davis Hill Rd ✕ Weaverville, NC 28787

Ph: (828) 658-1234

Website: OrthodoxMonastery.com Email: OrthodoxMonks@gmail.com

Profit & Loss January through December 2008

INCOME

Contributed Support

Donations – Individuals	6,453.23
Donations/Grants – Business/Corporate	75,265.00
Inheritance – Monks' families	47,076.27

Earned Revenue

Monies for lodging, medicine, and care from Mrs. C. Wendt	8,400.00
Rebates/Refunds	9,109.10
Interest/Dividends	4,504.24
Religious Articles/ Books	965.58
Miscellaneous Revenue	2,144.35

Total Income

153,917.77

EXPENSES

Health Insurance	25,359.18
Professional Fees	8,161.61
Insurance	5,352.00
Auto Expense	15,776.61
Altar/Church Expenses	12,225.65
Occupancy Expenses	31,987.78
Saint Tikhon's Seminary Support	5,100.00
Orthodox Church in America Support	26,300.00
Donations/Stipends/Honoraria	30,000.00
Visiting Hierarchy Expenses	1,000.00
Food – Monastery/Special Events	30,719.79
Office Supplies	1,080.08
General Supplies	10,169.44
Travel/Lodging/Meals – OCA and church related	5,125.65
Travel/Lodging/Meals – Ukrainian Hromada	18,221.19
Monastery Special Events	7,341.17
Infirmary/Health Supplies/Prescriptions	3,843.15
Medical/Dental/Optical	3,870.60
Computer/Electronics Expense	13,303.28
Tuition/Books/Fees	9,452.80
Postage/Shipping	704.02
Subscriptions/Journals/Periodicals	436.63
Memberships/Dues/Licenses	252.00
Books	784.21
Credit Card/Bank Fees	1,286.98
Advertising	2,212.20
Clothing	1,952.87
Charity	1,300.00
Household Expenses	135.47

Total Expense

273,454.36

Net Income

-119,536.59

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Profit & Loss January through December 2009

INCOME

Contributed Support	
Donations – Individuals	6,293.30
Donations/Grants – Business or Corporate	162,250.00
Earned Revenue	
Monies for lodging, medicine, and care from Mrs. C. Wendt	700.00
Rebates/Refunds	2,967.09
Interest	840.65
Religious Articles/ Books	3,387.56
Iconography Workshop	800.00
Miscellaneous Revenue	575.20
 Total Income	 177,813.80

EXPENSES

Health Insurance	25,472.94
Professional Fees	1,117.00
Auto Expense	12,253.76
Altar/Church Expenses	11,033.52
Occupancy Expenses	36,085.64
Monastic <i>Hromada</i> in Ukraine - Operational/Development costs	18,800.00
Saint Tikhon's Seminary Support	10,000.00
Saint Tikhon's Monastery Support	5,000.00
Miscellaneous Donations	100.00
Insurance	5,687.00
Office Supplies	342.78
General Supplies	10,957.50
Food – Monastery/Special Events	25,210.11
Travel/Lodging/Meals Pilgrimage – Saint Tikhon's Monastery	2,915.27
Travel/Lodging/Meals – OCA and church related	2,801.90
Travel/Lodging/Meals– Ukrainian Hromada	20,010.40
Travel/Lodging/Meals – Ukraine Ordination of Hieromonk Nicholas	14,733.86
Travel/Lodging/Meals – Saint Tikhon's Seminary	853.83
Travel – Miscellaneous	1,734.80
Iconography Workshop Costs	1,250.00
Tuition/Books/Fees	3,178.02
Infirmiry/Health Supplies/Prescriptions	8,341.61
Medical/Dental/Optical	13,105.39
Computer/Electronics Expense	3,694.07
Postage/Shipping	791.83
Subscriptions/Journals/Periodicals	356.47
Memberships/Dues/Licenses	1,806.90
Credit Card/Bank Fees	98.05
Advertising	262.20
Personal/Clothing	1,425.34
Charity	684.00
Household Expenses	114.88
Business Expenses	61.25
 Total Expense	 240,280.32
 Net Income	 -62,466.52

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Profit & Loss January through December 2010

INCOME

Contributed Support	
Donations – Individuals	2,995.54
Donations/Grants – Business or Corporate	180,988.50
Pascha Flowers	250.00
Earned Revenue	
Rebates/Refunds	4,404.89
Religious Articles/ Books	1,254.80
Interest	38.07
 Total Income	 189,931.80

EXPENSES

Health Insurance	26,299.89
Professional Fees	907.00
Auto Expense	16,415.78
Altar/Church Expenses	6,407.68
Occupancy Expenses	39,819.97
Insurance	6,832.77
Office Supplies	239.07
General Supplies	9,463.05
Food – Monastery/Special Events	27,313.75
Travel/Lodging/Meals – OCA and church related	3,170.20
Travel/Lodging/Meals– Ukrainian Hromada/Church events	7,190.15
Travel/Lodging/Meals – Saint Tikhon’s Seminary	237.25
Travel/Lodging/Meals – Visiting Hierarchy	21,477.92
Travel/Lodging/Meals - Miscellaneous	1,070.18
Banquets/Dinners	375.00
Tuition/Books/Fees	747.50
Infirmery/Health Supplies/Prescriptions	11,007.58
Medical/Dental/Optical	13,554.62
Computer/Electronics Expense	5,329.44
Postage/Shipping	464.56
Subscriptions/Journals/Periodicals	572.87
Memberships/Dues/Licenses Fees	802.58
Credit Card/Bank Fees	48.54
Advertising	83.67
Monastery Special Events	612.68
Pascha Flowers	884.30
Personal Expenses/Clothing	1,633.29
Household Expenses	324.08
Business Expenses	145.26
 Total Expense	 203,430.63
 Net Income	 -13,498.83

St Catherine's Representation Church
Income Statement
For the 7 months ended July 31, 2011

	-----Rubles-----								
	<u>July</u>	<u>June</u>	<u>May</u>	<u>April</u>	<u>March</u>	<u>Feb</u>	<u>Jan</u>	<u>Totals</u>	<u>\$ US</u>
Revenues:		(not available)							
Donations	620,490	-	536,724	557,100	446,310	546,310	533,310	3,240,244	\$ 109,196.22
Sunday Collections	21,580	-	36,200	21,350	28,810	27,700	42,910	178,550	\$ 6,017.14
Donation Boxes	49,310	-	68,670	68,610	43,040	79,700	82,760	392,090	\$ 13,213.43
Exchange	-	-	-	-	-	-	11,800	11,800	\$ 397.66
Bookstore in Church	204,852	-	227,548	378,704	233,145	219,470	333,332	1,597,051	\$ 53,820.62
Total Revenues	896,232	-	869,142	1,025,764	751,305	873,180	1,004,112	5,419,735	\$ 182,645.07
Expenses:									
Salaries for Clergy and Staff	311,600	-	309,200	258,200	240,600	248,200	283,200	1,651,000	\$ 55,638.70
Salaries for Choir	52,200	-	99,200	198,200	114,200	79,800	177,700	721,300	\$ 24,307.81
Electricity	70,000	-	70,000	70,000	70,000	70,000	70,000	420,000	\$ 14,154.00
Bank Deposit	246,770	-	211,600	200,000	200,000	210,000	160,000	1,228,370	\$ 41,396.07
Bank Deposit for Charities	-	-	-	13,980	-	-	-	13,980	\$ 471.13
Bank Deposit for Telephone	-	-	-	7,000	-	-	-	7,000	\$ 235.90
Auto Expenses	120,474	-	19,865	9,950	2,000	21,590	4,350	178,229	\$ 6,006.32
Food for Staff Meals	28,714	-	25,000	99,523	31,000	61,680	65,097	311,014	\$ 10,481.17
Church Flowers	1,500	-	1,690	6,500	-	-	-	9,690	\$ 326.55
Household Supplies	4,810	-	1,745	24,103	18,220	13,930	16,930	79,738	\$ 2,687.17
Repairs for Refectory	-	-	-	2,180	-	17,803	-	19,983	\$ 673.43
Equipment Purchases	-	-	-	19,810	-	-	-	19,810	\$ 667.60
Liturgical Supplies	3,990	-	28,250	9,220	57,803	510	19,400	119,173	\$ 4,016.13
Goods for Bookstore	22,530	-	51,451	22,500	43,876	34,435	5,000	179,792	\$ 6,058.99
Hierarchical Visit Expenses	-	-	-	-	-	-	169,512	169,512	\$ 5,712.55
Representative Expenses	28,418	-	35,710	40,000	90,100	6,200	32,824	233,252	\$ 7,860.59
Office Supplies	770	-	5,637	5,270	-	1,360	14,961	27,998	\$ 943.53
Apartment Expenses	17,200	-	7,900	16,550	3,000	9,800	27,000	81,450	\$ 2,744.87
Communications	7,000	-	7,000	4,000	-	18,000	6,000	42,000	\$ 1,415.40
Computer Services	3,700	-	-	18,420	3,105	-	10,000	35,225	\$ 1,187.08
Miscellaneous	-	-	-	-	-	-	5,500	5,500	\$ 185.35
Reserve	-	-	-	-	25,000	-	-	25,000	\$ 842.50
Vestments	16,600	-	-	-	-	-	-	16,600	\$ 559.42
Total Expenses	936,276	-	874,248	1,025,406	898,904	793,308	1,067,474	5,595,616	\$ 188,572.26
Net Surplus (Deficit)	(40,044)	-	(5,106)	358	(147,599)	79,872	(63,362)	(175,881)	\$ (5,927.19)