



## **St. Tikhon's Orthodox Monastery**

Financial Statements and  
Supplementary Information

December 31, 2011 and 2010

# **St. Tikhon's Orthodox Monastery**

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## Independent Accountants' Review Report

Board of Directors  
St. Tikhon's Orthodox Monastery

We have reviewed the accompanying statement of financial position of St. Tikhon's Orthodox Monastery (the "Monastery") as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Monastery's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, except as noted in the following paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 1 to the financial statements, accounting principles generally accepted in the United States of America require that a portion of the revenue from the sale of cemetery property be deferred until the internment services are performed, and that a portion of these revenues be deferred to recognize a liability for the perpetual care. Management has informed us that revenue from the sale of cemetery property is recognized when received. The effect of this departure from accounting principles generally accepted in the United States of America on the financial position, changes in net assets, and cash flows have not been determined.



Our reviews were made for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The information in the accompanying schedules on pages 14 to 19 is presented only for purposes of additional analysis, and has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and, except for the matter described in the fifth paragraph of our report, we are not aware of any material modifications that should be made thereto.

*ParenteBeard LLC*

Wilkes-Barre, Pennsylvania  
August 6, 2012

## St. Tikhon's Orthodox Theological Monastery

Statement of Financial Position

December 31, 2011 and 2010

(See Independent Accountants' Review Report)

| <b>Assets</b>                      | <b>2011</b>         | <b>2010</b>         |
|------------------------------------|---------------------|---------------------|
| <b>Current Assets</b>              |                     |                     |
| Cash and cash equivalents          | \$ 292,311          | \$ 64,449           |
| Accounts receivable                | 91,470              | 79,355              |
| Inventories                        | 251,657             | 258,539             |
| Prepaid expenses                   | 5,787               | 846                 |
| Total current assets               | 641,225             | 403,189             |
| <b>Property and Equipment, Net</b> | 1,551,755           | 1,486,082           |
| <b>Investments</b>                 | -                   | 306,516             |
| Total assets                       | <u>\$ 2,192,980</u> | <u>\$ 2,195,787</u> |
| <b>Liabilities and Net Assets</b>  |                     |                     |
| <b>Current Liabilities</b>         |                     |                     |
| Current portion of long-term debt  | \$ 94,184           | \$ 85,076           |
| Accounts payable                   | 87,753              | 80,386              |
| Payroll taxes payable              | 867                 | 4,349               |
| Deferred revenue                   | 18,242              | 2,200               |
| Accrued interest                   | 8,904               | -                   |
| Sales tax payable                  | 678                 | 644                 |
| Total current liabilities          | 210,628             | 172,655             |
| <b>Long-Term Debt</b>              | 1,317,969           | 1,380,852           |
| Total liabilities                  | 1,528,597           | 1,553,507           |
| <b>Net Assets</b>                  |                     |                     |
| Unrestricted                       | 664,383             | 642,280             |
| Total net assets                   | 664,383             | 642,280             |
| Total liabilities and net assets   | <u>\$ 2,192,980</u> | <u>\$ 2,195,787</u> |

See notes to financial statements

## St. Tikhon's Orthodox Theological Monastery

### Statement of Activities

Years Ended December 31, 2011 and 2010

(See Independent Accountants' Review Report)

#### Changes in Unrestricted Net Assets

|   | <u>2011</u>       | <u>2010</u>       |
|---|-------------------|-------------------|
| <b>Support and Revenue</b>                                    |                   |                   |
| Bookstore   | \$ 529,114        | \$ 619,286        |
| Contributions   | 382,500           | 313,769           |
| Iconography projects  | 57,540            | 101,300           |
| Gain on sale of asset   | -                 | 48,500            |
| Cemetery plots  | 32,518            | 46,400            |
| Investment income   | 18,664            | 20,705            |
| Bequests  | 15,000            | 20,692            |
| Activities  | 19,252            | 18,583            |
| Assessment and dues   | 11,129            | 9,680             |
| Miscellaneous   | -                 | 7,032             |
|   | <u>1,065,717</u>  | <u>1,205,947</u>  |
| <br>  |                   |                   |
| <b>Expenses</b>   |                   |                   |
| Operating   | 403,261           | 395,068           |
| Cost of goods sold  | 268,351           | 296,160           |
| Personnel   | 171,552           | 172,426           |
| Interest  | 115,586           | 115,340           |
| Administrative  | 77,766            | 89,218            |
| Fundraising - special events                                  | 7,098             | 15,136            |
|   | <u>1,043,614</u>  | <u>1,083,348</u>  |
|   |                   |                   |
| Total expenses  | <u>1,043,614</u>  | <u>1,083,348</u>  |
|   |                   |                   |
| Increase in net assets  | <u>22,103</u>     | <u>122,599</u>    |
|   |                   |                   |
| <b>Net Assets, Beginning, As Originally Reported for 2010</b> | 642,280           | 787,487           |
|   |                   |                   |
| <b>Restatement</b>  | <u>-</u>          | <u>(267,806)</u>  |
|   |                   |                   |
| <b>Net Assets, Beginning, As Restated for 2010</b>            | <u>642,280</u>    | <u>519,681</u>    |
|   |                   |                   |
| <b>Net Assets, Ending, As Restated for 2010</b>               | <u>\$ 664,383</u> | <u>\$ 642,280</u> |

See notes to financial statements

## St. Tikhon's Orthodox Theological Monastery

### Statement of Cash Flows

Years Ended December 31, 2011 and 2010

(See Independent Accountants' Review Report)

|  | <u>2011</u>       | <u>2010</u>       |
|--|-------------------|-------------------|
| <b>Cash Flows from Operating Activities</b>  |                   |                   |
| Increase in net assets   | \$ 22,103         | \$ 122,599        |
| Adjustments to reconcile increase in net assets<br>to net cash provided by operating activities: |                   |                   |
| Depreciation   | 79,244            | 56,344            |
| Gain on sale of asset  | -                 | (48,500)          |
| Net realized and unrealized losses (gains)<br>on investments                                     | 5,493             | (10,998)          |
| Changes in assets and liabilities:   |                   |                   |
| Accounts receivable  | (12,115)          | (79,355)          |
| Inventories  | 6,882             | (76,087)          |
| Prepaid expenses   | (4,941)           | (846)             |
| Accounts payable   | 7,367             | 73,728            |
| Payroll taxes payable  | (3,482)           | 3,337             |
| Deferred revenue   | 16,042            | 2,200             |
| Accrued interest   | 8,904             | -                 |
| Sales tax payable  | 34                | (3,504)           |
| Net cash provided by operating activities  | <u>125,531</u>    | <u>38,918</u>     |
| <b>Cash Flows from Investing Activities</b>  |                   |                   |
| Proceeds from sale of investments  | 511,514           | -                 |
| Purchase of investments  | (210,491)         | (295,518)         |
| Purchase of property and equipment   | (144,917)         | (109,308)         |
| Proceeds from sale of property and equipment   | -                 | 48,500            |
| Net cash provided by (used in) investing activities  | <u>156,106</u>    | <u>(356,326)</u>  |
| <b>Cash Flows from Financing Activities</b>  |                   |                   |
| Repayment of long-term debt  | (77,491)          | (77,778)          |
| Proceeds from long-term debt   | 23,716            | 13,000            |
| Net cash used in financing activities  | <u>(53,775)</u>   | <u>(64,778)</u>   |
| Increase (decrease) in cash and cash equivalents   | 227,862           | (382,186)         |
| <b>Cash and Cash Equivalents, Beginning</b>  | <u>64,449</u>     | <u>446,635</u>    |
| <b>Cash and Cash Equivalents, Ending</b>   | <u>\$ 292,311</u> | <u>\$ 64,449</u>  |
| <b>Supplemental Disclosure of Cash Flow Information</b>  |                   |                   |
| Interest paid  | <u>\$ 106,682</u> | <u>\$ 115,340</u> |

See notes to financial statements

# **St. Tikhon's Orthodox Monastery**

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Notes to Financial Statements

December 31, 2011 and 2010

(See Independent Accountants' Review Report)

## **1. Nature of Operations and Summary of Significant Accounting Policies**

### **Nature of Operations**

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

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

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

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

### **Subsequent Events**

The Monastery evaluated subsequent events for recognition or disclosure through August 6, 2012, 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.

### **Accounts Receivable**

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

### **Inventories**

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

## **St. Tikhon's Orthodox Monastery**

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Notes to Financial Statements

December 31, 2011 and 2010

(See Independent Accountants' Review Report)

### **Investments and Investment Risk**

Investments in marketable equity securities and mutual funds are carried at fair value based upon quoted market prices. 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 other-than-temporary declines 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 Monastery'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.

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.

### **Revenue Recognition**

Revenue from the sale of burial plots is recognized when funds are received. Accounting principles generally accepted in the United States of America require that a portion of the revenue received from the sale of cemetery property be deferred until interment services are performed, and that a portion of these revenues be deferred to recognize a liability for the perpetual care. The effect of these departures on the financial position, changes in net assets and cash flows of the Monastery have not been determined. Funds set aside for perpetual care are required to be held in a separate trust. Management has not established a separate trust account for these funds.

Bookstore revenue is recognized when the sale of merchandise occurs.

Revenue from Iconography projects is recognized when funds are received.

## **St. Tikhon's Orthodox Monastery**

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Notes to Financial Statements

December 31, 2011 and 2010

(See Independent Accountants' Review Report)

### **Sales and Similar Taxes**

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

### **Shipping and Handling Fees and Costs**

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

### **Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are those whose use by the Monastery has been limited by donors to a specific time period or purpose.

Permanently restricted net assets have been restricted by donors to be maintained by the Monastery in perpetuity.

### **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 activities as net assets released from restrictions.

### **Collections of Religious Artifacts**

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

### **Income Taxes**

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

The Monastery accounts for uncertainty in income taxes by prescribing a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined that there were no tax uncertainties that met the recognition threshold in 2011 and 2010.

### **Reclassifications**

Certain reclassifications have been made to the 2010 financial statements in order to conform to the 2011 presentation.

## St. Tikhon's Orthodox Monastery

Notes to Financial Statements

December 31, 2011 and 2010

(See Independent Accountants' Review Report)

### 2. Property and Equipment, Net

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

|                               | <u>2011</u>         | <u>2010</u>         |
|-------------------------------|---------------------|---------------------|
| Land                          | \$ 5,300            | \$ 5,300            |
| Buildings and improvements    | 2,726,647           | 2,620,021           |
| Furniture                     | 11,178              | 8,565               |
| Equipment                     | 22,179              | 12,620              |
| Vehicles                      | 86,794              | 61,112              |
|                               | <hr/>               | <hr/>               |
| Total                         | 2,852,098           | 2,707,618           |
|                               | <hr/>               | <hr/>               |
| Less accumulated depreciation | 1,300,343           | 1,221,536           |
|                               | <hr/>               | <hr/>               |
| Property and equipment, net   | <u>\$ 1,551,755</u> | <u>\$ 1,486,082</u> |

Depreciation expense was \$79,244 in 2011 and \$56,344 in 2010.

### 3. Investments and Fair Value Measurements

The composition of investments is as follows at December 31, 2010:

|                               |                   |
|-------------------------------|-------------------|
| Money market                  | \$ 71,811         |
| Marketable equity securities: |                   |
| Energy                        | 61,475            |
| Telecommunications            | 55,115            |
| Medical                       | 46,784            |
| Electronics                   | 27,898            |
| Manufacturing                 | 21,381            |
| Business                      | 18,952            |
| Mutual funds                  | 3,100             |
|                               | <hr/>             |
| Total                         | <u>\$ 306,516</u> |

In 2011, the Monastery sold all of its investments.

Investment income for cash and cash equivalents and investments is comprised of the following for the year ended December 31:

|   | <u>2011</u>      | <u>2010</u>      |
|---|------------------|------------------|
| Realized and unrealized gains (losses) on investments | \$ (5,493)       | \$ 10,998        |
| Interest and dividend income                          | 24,157           | 9,707            |
|   | <hr/>            | <hr/>            |
| Total   | <u>\$ 18,664</u> | <u>\$ 20,705</u> |

## St. Tikhon's Orthodox Monastery

Notes to Financial Statements

December 31, 2011 and 2010

(See Independent Accountants' Review Report)

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 Monastery's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as of December 31, 2010 are as follows:

|                               | <u>Total</u>      | <u>Level 1</u>    | <u>Level 2</u> | <u>Level 3</u> |
|-------------------------------|-------------------|-------------------|----------------|----------------|
| Money market                  | \$ 71,811         | \$ 71,811         | \$ -           | \$ -           |
| Marketable equity securities: |                   |                   |                |                |
| Energy                        | 61,475            | 61,475            |                |                |
| Telecommunications            | 55,115            | 55,115            |                |                |
| Medical                       | 46,784            | 46,784            |                |                |
| Electronics                   | 27,898            | 27,898            |                |                |
| Manufacturing                 | 21,381            | 21,381            |                |                |
| Business                      | 18,952            | 18,952            |                |                |
| Mutual funds                  | <u>3,100</u>      | <u>3,100</u>      | <u>-</u>       | <u>-</u>       |
| Total                         | <u>\$ 306,516</u> | <u>\$ 306,516</u> | <u>\$ -</u>    | <u>\$ -</u>    |

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

## St. Tikhon's Orthodox Monastery

Notes to Financial Statements

December 31, 2011 and 2010

(See Independent Accountants' Review Report)

### 4. Long-Term Debt

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

|  | <u>2011</u>         | <u>2010</u>         |
|--|---------------------|---------------------|
| <u>Monastery</u>   |                     |                     |
| <u>First Liberty Bank &amp; Trust</u>  |                     |                     |
| Installment loan, monthly payment of \$246 including interest at 5.09%, maturing November 2015; secured by vehicle   | \$ 10,271           | \$ 12,621           |
| Installment loan, monthly payment of \$215 including interest at 10.04%, maturing April 2012; secured by vehicle   | 1,014               | 2,975               |
| <u>Toyota Financial</u>  |                     |                     |
| Installment loan, monthly payment of \$429 including interest at 6.49%, maturing May 2017, secured by vehicle  | 23,317              | -                   |
| <u>Bookstore</u>   |                     |                     |
| <u>Honesdale National Bank</u>   |                     |                     |
| Mortgage loan, monthly payment of \$8,000 including interest at 6.00%, until August 2014 with a balloon payment of approximately \$1,094,000 due September 2014; secured by real estate (Note 9) | 1,171,049           | 1,193,868           |
| Installment loan, monthly payment of \$622 including interest at 6.49%, maturing April 2015; secured by vehicle (Note 9)   | 22,278              | 28,005              |
| Installment loan, monthly payment of \$2,945 including interest at 6.00%, maturing June 2013; secured by real estate (Note 9)  | 53,215              | 81,748              |
| <u>Community Bank &amp; Trust</u>  |                     |                     |
| Installment loan, monthly payment of \$2,323 including interest at 7.00%, maturing July 2017; secured by real estate   | 131,009             | 146,711             |
| Total  | 1,412,1533          | 1,465,928           |
| Less current portion   | 94,184              | 85,076              |
| Long-term debt   | <u>\$ 1,317,969</u> | <u>\$ 1,380,852</u> |

## St. Tikhon's Orthodox Monastery

Notes to Financial Statements

December 31, 2011 and 2010

(See Independent Accountants' Review Report)

Scheduled principal repayments for periods subsequent to December 31, 2011 are as follows:

| Years ending December 31: | <u>Amount</u> |
|---------------------------|---------------|
| 2012                      | \$ 94,184     |
| 2013                      | 83,518        |
| 2014                      | 1,153,536     |
| 2015                      | 34,030        |
| 2016                      | 28,671        |
| Thereafter                | <u>18,214</u> |
|                           | 1,412,153     |
| Total                     | <u>\$ 3</u>   |

### 5. Functional Expenses

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

|                            | <u>2011</u>     | <u>2010</u>     |
|----------------------------|-----------------|-----------------|
| Program services           | \$ 959          | \$ 979          |
| General and administrative | 78              | 89              |
| Fundraising                | <u>7</u>        | <u>15</u>       |
| Total                      | <u>\$ 1,044</u> | <u>\$ 1,083</u> |

### 6. Related Party Transactions

The Monastery made payments to St. Tikhon's Orthodox Theological Seminary ("Seminary"), an entity related through church affiliation, of \$88,732 in 2011 and \$112,509 in 2010. These payments were expensed as follows: no contributions in 2011 and \$11,600 in 2010, health insurance reimbursement of \$63,364 in 2011 and \$45,584 in 2010, general insurance reimbursement of \$21,370 in 2011 and \$49,300 in 2010, and tuition fees of \$3,998 in 2011 and \$6,025 in 2010. There was no balance due to the Seminary at December 31, 2011 and 2010.

### 7. Contingencies

As a not-for-profit corporation in the Commonwealth of Pennsylvania, the Monastery 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.

## **St. Tikhon's Orthodox Monastery**

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Notes to Financial Statements

December 31, 2011 and 2010

(See Independent Accountants' Review Report)

### **8. Concentrations**

The Monastery primarily maintains its cash and cash equivalents with financial institutions. The Monastery periodically has cash equivalents on deposit in excess of insured amounts.

### **9. Restatement**

The Monastery restated its 2010 financial statements to correct an error in recording the inventory at December 31, 2009. Complete physical inventories were not performed prior to 2011 and errors occurred in the valuation of the perpetual inventory and the amount of cost of goods sold that were relieved from inventory. The error related to the amount of cost of goods sold being relieved from inventory occurred because cost of goods sold were not properly recorded prior to 2010. These errors were not detected until complete physical inventories were performed in the current year. The financial statements for the year ended December 2010 reflect a decrease in beginning inventory of \$267,806 and a decrease in net assets of \$267,806 as of December 31, 2009.

There was no effect on the increase in net assets for 2010 as a result of the restatement.

There was no impact on cash flows from operating activities as a result of the restatement.

### **10. Subsequent Event**

In January 2012, the Monastery refinanced certain long-term debt with Honesdale National Bank. The amount of the loan was \$1,460,000 (Note 4). The term of the note requires monthly installments of \$9,126 including interest at 4.70% until March 2019, when the interest rate shall be adjusted to the current predominant New York rate plus 1.45%. The borrowings are secured by real estate.

## St. Tikhon's Orthodox Theological Monastery

Schedule of Financial Position by Department

December 31, 2011

(See Independent Accountants' Review Report)

| <b>Assets</b>                      | <b>Monastery</b>  | <b>Bookstore</b>    | <b>Totals</b>       |
|------------------------------------|-------------------|---------------------|---------------------|
| <b>Current Assets</b>              |                   |                     |                     |
| Cash and cash equivalents          | \$ 274,113        | \$ 18,198           | \$ 292,311          |
| Accounts receivable                | -                 | 91,470              | 91,470              |
| Inventories                        | -                 | 251,657             | 251,657             |
| Prepaid expenses                   | -                 | 5,787               | 5,787               |
| Total current assets               | 274,113           | 367,112             | 641,225             |
| <b>Property and Equipment, Net</b> | 618,165           | 933,590             | 1,551,755           |
| <b>Investments</b>                 | -                 | -                   | -                   |
| Total assets                       | <u>\$ 892,278</u> | <u>\$ 1,300,702</u> | <u>\$ 2,192,980</u> |
| <b>Liabilities and Net Assets</b>  |                   |                     |                     |
| <b>Current Liabilities</b>         |                   |                     |                     |
| Current portion of long-term debt  | \$ 8,642          | \$ 85,542           | \$ 94,184           |
| Accounts payable                   | 25,966            | 61,787              | 87,753              |
| Due (from) to department           | (47,927)          | 47,927              | -                   |
| Payroll taxes payable              | -                 | 867                 | 867                 |
| Deferred revenue                   | -                 | 18,242              | 18,242              |
| Accrued interest                   | -                 | 8,904               | 8,904               |
| Sales tax payable                  | -                 | 678                 | 678                 |
| Total current liabilities          | (13,319)          | 223,947             | 210,628             |
| <b>Long-Term Debt</b>              | 25,960            | 1,292,009           | 1,317,969           |
| Total liabilities                  | 12,641            | 1,515,956           | 1,528,597           |
| <b>Net Assets</b>                  |                   |                     |                     |
| Unrestricted                       | 879,637           | (215,254)           | 664,383             |
| Total net assets                   | 879,637           | (215,254)           | 664,383             |
| Total liabilities and net assets   | <u>\$ 892,278</u> | <u>\$ 1,300,702</u> | <u>\$ 2,192,980</u> |

## St. Tikhon's Orthodox Theological Monastery

Schedule of Financial Position by Department

December 31, 2010

(See Independent Accountants' Review Report)

| <b>Assets</b>                      | <b>Monastery</b>  | <b>Bookstore</b>    | <b>Totals</b>       |
|------------------------------------|-------------------|---------------------|---------------------|
| <b>Current Assets</b>              |                   |                     |                     |
| Cash and cash equivalents          | \$ 40,365         | \$ 24,084           | \$ 64,449           |
| Accounts receivable                | -                 | 79,355              | 79,355              |
| Inventories                        | -                 | 258,539             | 258,539             |
| Prepaid expenses                   | -                 | 846                 | 846                 |
| Total current assets               | 40,365            | 362,824             | 403,189             |
| <b>Property and Equipment, Net</b> | 508,506           | 977,576             | 1,486,082           |
| <b>Investments</b>                 | 306,516           | -                   | 306,516             |
| Total assets                       | <u>\$ 855,387</u> | <u>\$ 1,340,400</u> | <u>\$ 2,195,787</u> |
| <b>Liabilities and Net Assets</b>  |                   |                     |                     |
| <b>Current Liabilities</b>         |                   |                     |                     |
| Current portion of long-term debt  | \$ 4,714          | \$ 80,362           | \$ 85,076           |
| Accounts payable                   | 15,012            | 65,374              | 80,386              |
| Due (from) to department           | (28,484)          | 28,484              | -                   |
| Payroll taxes payable              | -                 | 4,349               | 4,349               |
| Deferred revenue                   | -                 | 2,200               | 2,200               |
| Sales tax payable                  | -                 | 644                 | 644                 |
| Total current liabilities          | (8,758)           | 181,413             | 172,655             |
| <b>Long-Term Debt</b>              | 10,882            | 1,369,970           | 1,380,852           |
| Total liabilities                  | <u>2,124</u>      | <u>1,551,383</u>    | <u>1,553,507</u>    |
| <b>Net Assets</b>                  |                   |                     |                     |
| Unrestricted                       | 853,263           | (210,983)           | 642,280             |
| Total net assets                   | <u>853,263</u>    | <u>(210,983)</u>    | <u>642,280</u>      |
| Total liabilities and net assets   | <u>\$ 855,387</u> | <u>\$ 1,340,400</u> | <u>\$ 2,195,787</u> |

## St. Tikhon's Orthodox Theological Monastery

Schedule of Activities by Department

Year Ended December 31, 2011

(See Independent Accountants' Review Report)

|   | <u>Monastery</u> | <u>Bookstore</u>  | <u>Totals</u>    |
|---|------------------|-------------------|------------------|
| <b>Changes in Unrestricted Net Assets</b> |                  |                   |                  |
| <b>Support and Revenue</b>                |                  |                   |                  |
| Bookstore                                 | \$ -             | \$ 529,114        | \$ 529,114       |
| Contributions                             | 382,500          |                   | 382,500          |
| Iconography projects                      | -                | 57,540            | 57,540           |
| Cemetery plots                            | 32,518           | -                 | 32,518           |
| Activities                                | 19,252           | -                 | 19,252           |
| Investment income                         | 18,642           | 22                | 18,664           |
| Bequests                                  | 15,000           | -                 | 15,000           |
| Assessment and dues                       | 11,129           | -                 | 11,129           |
|   | <u>479,041</u>   | <u>586,676</u>    | <u>1,065,717</u> |
| Total support and revenue                 |                  |                   |                  |
| <b>Expenses</b>                           |                  |                   |                  |
| Operating                                 | 240,099          | 163,162           | 403,261          |
| Cost of goods sold                        | -                | 268,351           | 268,351          |
| Personnel                                 | 130,793          | 40,759            | 171,552          |
| Interest                                  | 15,572           | 100,014           | 115,586          |
| Administrative                            | 59,531           | 18,235            | 77,766           |
| Fundraising - special events              | 6,673            | 425               | 7,098            |
|   | <u>452,668</u>   | <u>590,946</u>    | <u>1,043,614</u> |
| Total expenses                            |                  |                   |                  |
| Increase (decrease) in net assets         | <u>\$ 26,373</u> | <u>\$ (4,270)</u> | <u>\$ 22,103</u> |

## St. Tikhon's Orthodox Theological Monastery

Schedule of Activities by Department

Year Ended December 31, 2010

(See Independent Accountants' Review Report)

|   | <u>Monastery</u> | <u>Bookstore</u> | <u>Totals</u>     |
|---|------------------|------------------|-------------------|
| <b>Changes in Unrestricted Net Assets</b> |                  |                  |                   |
| <b>Support and Revenue</b>                |                  |                  |                   |
| Bookstore                                 | \$ -             | \$ 619,286       | \$ 619,286        |
| Contributions                             | 313,769          |                  | 313,769           |
| Iconography projects                      | -                | 101,300          | 101,300           |
| Gain on sale of asset                     | 48,500           | -                | 48,500            |
| Cemetery plots                            | 46,400           | -                | 46,400            |
| Investment income                         | 20,671           | 34               | 20,705            |
| Bequests                                  | 20,692           | -                | 20,692            |
| Activities                                | 18,583           | -                | 18,583            |
| Assessment and dues                       | 9,680            | -                | 9,680             |
| Miscellaneous                             | 7,032            | -                | 7,032             |
|   | <u>485,327</u>   | <u>720,620</u>   | <u>1,205,947</u>  |
| Total support and revenue                 |                  |                  |                   |
| <b>Expenses</b>                           |                  |                  |                   |
| Operating                                 | 227,052          | 168,016          | 395,068           |
| Cost of goods sold                        | -                | 296,160          | 296,160           |
| Personnel                                 | 123,160          | 49,266           | 172,426           |
| Interest                                  | 13,845           | 101,495          | 115,340           |
| Administrative                            | 47,871           | 41,347           | 89,218            |
| Fundraising - special events              | 14,430           | 706              | 15,136            |
|   | <u>426,358</u>   | <u>656,990</u>   | <u>1,083,348</u>  |
| Total expenses                            |                  |                  |                   |
| Increase in net assets                    | <u>\$ 58,969</u> | <u>\$ 63,630</u> | <u>\$ 122,599</u> |

## St. Tikhon's Orthodox Theological Monastery

### Schedule of Operating, Personnel, and Administrative Expenses by Department

Year Ended December 31, 2011

(See Independent Accountants' Review Report)

|                            | <u>Monastery</u>  | <u>Bookstore</u>  | <u>Totals</u>     |
|----------------------------|-------------------|-------------------|-------------------|
| <b>Operating</b>           |                   |                   |                   |
| Iconography projects       | \$ -              | \$ 88,503         | \$ 88,503         |
| Utilities                  | 57,438            | 11,396            | 68,834            |
| Depreciation               | 31,980            | 47,264            | 79,244            |
| Repairs and maintenance    | 35,855            | 943               | 36,798            |
| Liturgical                 | 31,076            | -                 | 31,076            |
| Insurance                  | 18,000            | 5,884             | 23,884            |
| Contributions and stipends | 22,574            | -                 | 22,574            |
| Supplies                   | 16,036            | 4,040             | 20,076            |
| Equipment                  | 13,247            | -                 | 13,247            |
| Cemetery costs             | 10,710            | -                 | 10,710            |
| Telephone                  | 3,183             | 5,132             | 8,315             |
|                            | <u>\$ 240,099</u> | <u>\$ 163,162</u> | <u>\$ 403,261</u> |
| <b>Personnel</b>           |                   |                   |                   |
| Health insurance           | \$ 70,215         | \$ -              | \$ 70,215         |
| Maintenance and support    | 60,578            | -                 | 60,578            |
| Salary and wages           | -                 | 38,096            | 38,096            |
| Payroll taxes              | -                 | 2,663             | 2,663             |
|                            | <u>\$ 130,793</u> | <u>\$ 40,759</u>  | <u>\$ 171,552</u> |
| <b>Administrative</b>      |                   |                   |                   |
| Automobile                 | \$ 23,604         | \$ 1,358          | \$ 24,962         |
| Office supplies            | 21,060            | 1,483             | 22,543            |
| Professional fees          | 6,895             | 4,155             | 11,050            |
| Salary and wages           | -                 | 9,649             | 9,649             |
| Supplies                   | 7,972             | -                 | 7,972             |
| Advertising                | -                 | 852               | 852               |
| Payroll taxes              | -                 | 738               | 738               |
|                            | <u>\$ 59,531</u>  | <u>\$ 18,235</u>  | <u>\$ 77,766</u>  |

## St. Tikhon's Orthodox Theological Monastery

### Schedule of Operating, Personnel, and Administrative Expenses by Department

Year Ended December 31, 2010

(See Independent Accountants' Review Report)

|                            | <u>Monastery</u>  | <u>Bookstore</u>  | <u>Totals</u>     |
|----------------------------|-------------------|-------------------|-------------------|
| <b>Operating</b>           |                   |                   |                   |
| Iconography projects       | \$ -              | \$ 66,715         | \$ 66,715         |
| Utilities                  | 57,024            | 8,144             | 65,168            |
| Depreciation               | 9,929             | 46,415            | 56,344            |
| Insurance                  | 21,000            | 28,300            | 49,300            |
| Repairs and maintenance    | 40,783            | 2,004             | 42,787            |
| Contributions and stipends | 33,693            | 6,220             | 39,913            |
| Liturgical                 | 26,586            | -                 | 26,586            |
| Equipment                  | 14,623            | -                 | 14,623            |
| Supplies                   | 10,440            | 2,771             | 13,211            |
| Telephone                  | 2,949             | 7,447             | 10,396            |
| Cemetery costs             | 10,025            | -                 | 10,025            |
|                            | <u>\$ 227,052</u> | <u>\$ 168,016</u> | <u>\$ 395,068</u> |
| Total operating            |                   |                   |                   |
|                            | <u>\$ 227,052</u> | <u>\$ 168,016</u> | <u>\$ 395,068</u> |
| <b>Personnel</b>           |                   |                   |                   |
| Maintenance and support    | \$ 64,258         | \$ -              | \$ 64,258         |
| Health insurance           | 58,902            | 3,861             | 62,763            |
| Salary and wages           | -                 | 42,397            | 42,397            |
| Payroll taxes              | -                 | 3,008             | 3,008             |
|                            | <u>-</u>          | <u>3,008</u>      | <u>3,008</u>      |
| Total personnel            | <u>\$ 123,160</u> | <u>\$ 49,266</u>  | <u>\$ 172,426</u> |
|                            |                   |                   |                   |
|                            | <u>\$ 123,160</u> | <u>\$ 49,266</u>  | <u>\$ 172,426</u> |
| <b>Administrative</b>      |                   |                   |                   |
| Office supplies            | \$ 20,209         | \$ 21,727         | \$ 41,936         |
| Automobile                 | 14,002            | 9,245             | 23,247            |
| Supplies                   | 13,325            | -                 | 13,325            |
| Salary and wages           | -                 | 6,698             | 6,698             |
| Professional fees          | 335               | 1,771             | 2,106             |
| Advertising                | -                 | 1,394             | 1,394             |
| Payroll taxes              | -                 | 512               | 512               |
|                            | <u>-</u>          | <u>512</u>        | <u>512</u>        |
| Total administrative       | <u>\$ 47,871</u>  | <u>\$ 41,347</u>  | <u>\$ 89,218</u>  |