

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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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	<u>1,025,367</u>	<u>952,352</u>
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	<u>49,860</u>	<u>99,903</u>
Total liabilities	<u>132,714</u>	<u>170,278</u>
Net Assets		
Unrestricted:		
Undesignated	938,420	854,919
Board designated	<u>370,311</u>	<u>403,835</u>
Total unrestricted	1,308,731	1,258,754
Temporarily restricted	558,786	442,377
Permanently restricted	<u>1,391,038</u>	<u>1,391,038</u>
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	<u>11,732</u>	<u>5,858</u>
Total support and revenue	<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	<u>13,443</u>	<u>15,543</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	<u>70,759</u>	<u>205,715</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><u>\$ 1,308,731</u></u>	<u><u>\$ 558,786</u></u>	<u><u>\$ 1,391,038</u></u>	<u><u>\$ 3,258,555</u></u>

See notes to financial statements

St. Tikhon's Orthodox Theological Seminary

Statement of Cash Flows

Years Ended June 30, 2010 and 2009

	2010	2009
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	162,136	261,711
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	(18,507)	(15,715)
Net cash used in investing activities	(1,113)	(28,107)
Cash Flows from Financing Activities		
Repayment of long-term debt	(50,043)	(47,022)
Increase in cash and cash equivalents	110,980	186,582
Cash and Cash Equivalents, Beginning	509,471	322,889
Cash and Cash Equivalents, Ending	\$ 620,451	\$ 509,471
Supplemental Disclosure of Cash Flow Information		
Interest paid	\$ 7,602	\$ 10,622

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:

	2010	2009
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	1,711,728	1,711,090
Less accumulated depreciation	932,608	895,503
Property and equipment, net	\$ 779,120	\$ 815,587

3. Investments and Fair Value Measurements

The composition of investments is as follows at June 30:

	2010	2009
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	\$ 1,025,367	\$ 952,352

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

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

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:

Years of Service	Vested Percentage
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:

	2010	2009
Restricted for:		
Scholarships	\$ 322,429	\$ 273,070
General endowments	236,357	169,307
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	665,951	665,951
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:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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 ✓
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:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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