

**DIOCESE OF THE SOUTH  
BALANCE SHEET**

	<u>31-May 2013</u>	<u>31-Dec 2012</u>	<u>31-Dec 2011</u>	<u>31-Dec 2010</u>	<u>31-Dec 2009</u>	<u>31-Dec 2008</u>
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash	\$ 283,885	\$ 324,647	\$ 162,031	\$ 166,982	\$ 103,300	\$ 330,097
Income Earned, Not Collected	827	43,924	35,468	35,898	62,393	54,331
Prepaid Expense/Accounts Receivable	397	564	455	1,798	2,956	6,006
Investments-Market Value	-	-	-	-	-	35,687
Total Current Assets	<u>\$ 285,110</u>	<u>\$ 369,134</u>	<u>\$ 197,955</u>	<u>\$ 204,677</u>	<u>\$ 168,649</u>	<u>\$ 426,121</u>
<b>Other Assets</b>						
Deferred Charge - Priest Service Book	\$ 3,374	\$ 3,409	\$ 3,409	\$ 4,276	\$ 4,722	\$ 5,005
<b>Loans &amp; Advances</b>						
Advances (Note 1)	\$ -	\$ 1,566	\$ 7,482	\$ 14,060	\$ 29,475	\$ -
Primary Loans (Note 2)	576,869	494,154	770,344	706,281	704,687	258,978
Subordinated Loans (Note 3)	1,073,810	991,709	850,900	912,435	789,371	364,724
Managed Debt Program Loans (Note 4)	4,212,302	4,299,811	4,483,843	2,791,901	2,815,508	1,069,774
Total Loans & Advances	<u>\$ 5,862,981</u>	<u>\$ 5,787,240</u>	<u>\$ 6,112,568</u>	<u>\$ 4,424,676</u>	<u>\$ 4,339,041</u>	<u>\$ 1,693,476</u>
<b>Real Estate</b>						
Chancery Office Property	\$ 316,530	\$ 316,530	\$ 261,047	\$ 210,000	\$ 210,000	\$ 210,000
Alpine Church Property	137,500	137,500	137,500	137,500	-	-
Denton Church Property	219,517	219,517	275,000	275,000	-	-
Naples Church Property	225,000	225,000	-	-	-	-
Total Real Estate	<u>\$ 898,547</u>	<u>\$ 898,547</u>	<u>\$ 673,547</u>	<u>\$ 622,500</u>	<u>\$ 210,000</u>	<u>\$ 210,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 7,050,012</u></u>	<u><u>\$ 7,058,330</u></u>	<u><u>\$ 6,987,479</u></u>	<u><u>\$ 5,256,130</u></u>	<u><u>\$ 4,722,412</u></u>	<u><u>\$ 2,334,603</u></u>
<b>LIABILITIES</b>						
<b>Direct Liabilities</b>						
Accounts Payable	\$ 8,894	\$ 8,073	\$ 3,199	\$ 4,867	\$ 2,243	\$ 24,638
Designated Funds (Note 5)	2,258	949	-	-	-	-
Clergy Assistance Fund (Note 6)	4,987	4,329	2,751	-	-	-
Church Savings Deposits	1,514,395	1,409,886	1,147,237	822,092	477,362	228,181
Church-Friendly Loans (Note 7)	1,082,638	987,494	946,768	1,003,294	922,254	400,594
Total Direct Liabilities	<u>\$ 2,613,173</u>	<u>\$ 2,410,732</u>	<u>\$ 2,099,956</u>	<u>\$ 1,830,253</u>	<u>\$ 1,401,860</u>	<u>\$ 653,414</u>
<b>Indirect Liabilities</b>						
Managed Debt Program Creditors (Note 8)						
Guaranteed By Diocese	1,904,035	1,187,779	1,280,705	827,931	275,854	293,383
Not Guaranteed By Diocese	2,308,267	3,112,032	3,203,138	1,963,969	2,539,653	776,391
Total Indirect Liabilities	<u>\$ 4,212,302</u>	<u>\$ 4,299,811</u>	<u>\$ 4,483,843</u>	<u>\$ 2,791,901</u>	<u>\$ 2,815,508</u>	<u>\$ 1,069,774</u>
<b>RESERVES &amp; SURPLUS</b>						
Publications Fund Reserve (Note 8)	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Pastoral School Fund (Note 9)	251,529	251,529	251,529	251,529	251,529	239,549
Surplus	(31,992)	91,257	147,152	377,447	248,515	366,865
TOTAL RESERVES & SURPLUS	<u>\$ 224,537</u>	<u>\$ 347,787</u>	<u>\$ 403,681</u>	<u>\$ 633,976</u>	<u>\$ 505,045</u>	<u>\$ 611,415</u>
<b>TOTAL LIABILITIES, RESERVES, &amp; SURPLUS</b>	<u><u>\$ 7,050,012</u></u>	<u><u>\$ 7,058,330</u></u>	<u><u>\$ 6,987,479</u></u>	<u><u>\$ 5,256,130</u></u>	<u><u>\$ 4,722,412</u></u>	<u><u>\$ 2,334,603</u></u>
<b>CONTINGENT LIABILITIES</b>						
Priest Seminary Debt (Note 10)	\$ 342,280	\$ 339,038	\$ 252,228	\$ 139,881	\$ 103,847	\$ 119,014

## **BALANCE SHEET FOOTNOTES**

Note 1. Advances are for purposes that can broadly be described as "Budget Support". They are noninterest bearing and tithes received from Advancees are credited to the account balance. No other payment is usually required.

Note 2. The Primary Loan designation means that the Diocese is the principal debtholder of the church. Most are refinances of other creditor debt but the two most recent (Holy Cross and St Basil) are property acquisition wholly funded by the Diocese. Primary Loans are noninterest bearing and repayment terms vary with the circumstances of each church. Tithe payments are also credited to the loan balance.

Note 3. The Subordinated Loans designation applies when the church has other mortgage debt. Most are partial refinances of other creditor debt, either through the Managed Debt Program or by other arrangement. (Each church in the Managed Debt Program has a Subordinated Loan and when the MDP creditor is paid in full the Subordinated Loan becomes a Primary Loan, as in the case of St Raphael and St Mary Magdalene.) Subordinated Loans may also be extended to cover building cost overruns (Holy Apostles, Bixby, St Barbara, St Cyprian, St George, St Justin Martyr). No DOS repayment is required until the debt of the primary creditor is retired. Subordinated Loans are noninterest bearing and tithe payments are credited to the loan balance.

Note 4. The amounts shown here are the mortgage debts that the churches in the Managed Debt Program (MDP) owe to bank creditors. These are loans that the Diocese is seeking to refinance in their entirety, ie, convert to Primary Loans. But the immediate objective of the MDP is to reduce church monthly mortgage payments in order to free up cash for ongoing obligations and emerging developmental needs. The MDP process begins with the church instructing its lender to send the monthly billing statements to the Diocese, then the Diocese begins making said payments. (It should be noted that a church's underlying obligation to the debtholder is not changed nor does the Diocese incur a legal obligation for payment of the debt by virtue of this arrangement). Such payment by the Diocese constitutes a partial debt refinance, and church's Subordinated Loan balance is therefore increased by like amount. Having been relieved of the monthly loan payment to the debtholder the church now has the obligation of making monthly payments on its Subordinated Loan, which is usually fixed at a "workable" percentage of General Fund income, with 25% being the maximum amount. The Diocese regularly utilizes cash flow from its Church Deposit and Church Friendly Loan programs to prepay the debtholders of MDP churches.

Note 5. Designated Funds are gifts received from individuals and disbursed at the direction of the donor. Stipends Donated stipends and donated Church Friendly Loan interest are the sole sources of funds at this time.

Note 6. The Diocese is the beneficiary of the OCA Pension of a reposed priest (\$131.56 per month). It is anticipated that the funds will ultimately be used for clergy assistance.

Note 7. Church Friendly Loans are borrowings from individuals that are used primarily to support the MDP and provide funding for church building programs. The loans are unsecured and bear an interest rate of 4.25% except for one loan of \$100K which is 6%. The loans originate with a letter from the individual offering to lend money to the Diocese under specified terms and conditions. Repayment terms are specified by the individual up front, with most being on a "when needed as needed" basis, but some are at the discretion of the Diocese. Discretionary quarterly payments totaling \$20K are currently being made to two individuals and "as needed" monthly payments of \$1,100 are being made to two others.

Note 8. The totals here offset the "Managed Debt Program Loans" asset category and shows the amount of MDP debt that is and isn't guaranteed by the Diocese.

Note 9. The Publications Reserve represents "seed money" donations for the printing of Archbishop Dmitri's "Priest Service Book". When publishing costs are fully covered sales proceeds are to be utilized for other Diocesan publications. The unrecovered costs are shown as "Deferred Charge-Priest Service Book" on the Balance Sheet.

Note 10. The Pastoral School Fund was established in the early 1990's from a \$100,000 donation for the purpose of establishing a formal pastoral schooling program for the Diocese. About \$2,000 in other donations were subsequently received, and the remaining increase came from loan and investment earnings. At one time Seminarian Assistance was being rendered from the Fund, but the Fund has since been reimbursed by the General Fund for all such outlays.

Note 11. The Diocese makes the monthly payment on the seminary debt of priests coming to the Diocese to serve as Priest-in-Charge until such time as the debt is paid in full, provided that the person continues to serve in said capacity. Eleven priests are presently receiving this benefit. Aggregate monthly payments are about \$5K.