

Diocese of the South
Orthodox Church in America

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TREASURER'S MESSAGE

Your Eminence, Reverend Fathers, Brothers and Sisters,

Three full calendar years have passed since the 2009 Assembly resolved that the churches would no longer be required to remit the per capita OCA membership assessment to the Diocese. This meant that the churches would realize an ongoing annual cost saving of about \$250,000 and that the Diocese would have to pay the OCA from Tithe income and other cash sources. It was anticipated that our growing Tithe income would offset the lost assessment income within 3-4 years. And that is what has happened - the combined Tithe and Assessment income total of \$701,880 in 2008 was surpassed by the \$710,282 Tithe income of 2012.

It was also anticipated that cash flow from the newly inaugurated Church Savings Deposit Program would cover the funding shortfall that would occur during the 3-4 year interim. As it turned out, no such funding shortfall occurred - a positive cash flow was realized from general fund operations throughout the period. (Refer to Sources & Uses of Funds Statement) It should be recognized, however, that HAD NOT the assessment been lifted and HAD NOT the Managed Debt Program (see below) been aggressively implemented the Tithe growth that DID occur within these economically depressed years would NOT have occurred.

The increase in Tithe Income, then, made it possible for the cash flow from the Church Savings Deposit and Church Friendly Loans program to be fully utilized in support of church building programs, either in the form of direct loans or by mortgage debt payment assistance via the Managed Debt Program. What has happened is that every church in the Diocese that needed help with its mortgage payments was enrolled in the Managed Debt Program by year-end 2011 (14 churches). Looking again at the Sources & Uses of Funds Statement you will see that the MDP mortgage creditors have been paid ahead of schedule by \$879,606 since inception. What this means is that new enrollments in the MDP can be accommodated, either by cash flow from loans, deposits, and borrowings or by cutting back on discretionary prepayments of existing debt.

But, a church must be able obtain outside financing before the MDP can become operative. This has become difficult to accomplish. Because of the growing number of church loan defaults across the country bank lending standards have been set a levels that few of our churches can meet. One banker told me that the prevailing standard is a minimum of 100 supporting householders, and that will qualify a church for a loan of up to \$400,000. The DOS offer to guaranty the debt and help with the payments has helped in some cases but even these were "hard won victories". Over the past 5½ years DOS has loaned its churches \$853,323 to cover cost overruns and bank funding shortfalls. The need for such funding will escalate: DOS is comprised of a large number of small churches, many of which do not own property and/or occupy facilities which inhibit their development in one way or another. DOS, through its tried and proven Church Savings Deposit and Church Friendly Loan programs, can look ahead with confidence that this particular challenge will be met, just as those of the past have always been.

In Christ,

Milos Konjevich