

| DIocese of the South COMPARATIVE BALANCE SHEET | 31-May 2014 | 31-Dec 2013 | 31-Dec 2012 | 31-Dec 2011 | 31-Dec 2010 | 31-Dec 2009 | 31-Dec 2008 | 31-Dec 2007 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| ASSETS | | | | | | | | |
| Current Assets | | | | | | | | |
| Cash | \$ 118,238 | \$ 223,464 | \$ 324,647 | \$ 162,031 | \$ 166,982 | \$ 103,300 | \$ 330,097 | \$ 308,636 |
| Income Earned, Not Collected | 60,811 | 62,437 | 43,924 | 35,468 | 35,898 | 62,393 | 54,331 | 35,659 |
| Prepaid Expense/Accounts Receivable | 397 | 997 | 564 | 455 | 1,798 | 2,956 | 6,006 | 66,072 |
| Investments-Market Value | - | - | - | - | - | - | 35,687 | 61,370 |
| Total Current Assets | \$ 179,446 | \$ 286,899 | \$ 369,134 | \$ 197,955 | \$ 204,677 | \$ 168,649 | \$ 426,121 | \$ 471,738 |
| Loans & Advances | | | | | | | | |
| Advances (Note 1) | \$ 11,485 | \$ 13,858 | \$ 1,566 | \$ 7,482 | \$ 13,303 | \$ 18,690 | \$ - | \$ - |
| Primary Loans (Note 2) | 1,175,463 | 509,406 | 494,154 | 770,344 | 706,281 | 704,687 | 258,978 | 399,793 |
| Subordinated Loans (Note 3) | 1,043,037 | 1,299,192 | 991,709 | 850,900 | 912,435 | 789,371 | 349,149 | 170,639 |
| Managed Debt Program Loans (Note 4) | 3,967,269 | 4,023,048 | 4,299,811 | 4,483,843 | 2,791,901 | 2,815,508 | 1,069,358 | - |
| Total Loans & Advances | \$ 6,197,255 | \$ 5,845,504 | \$ 5,787,240 | \$ 6,112,568 | \$ 4,423,919 | \$ 4,328,256 | \$ 1,677,486 | \$ 570,432 |
| Real Estate | | | | | | | | |
| Chancery Office Property | \$ 316,530 | \$ 316,530 | \$ 316,530 | \$ 261,047 | \$ 316,530 | \$ 388,280 | \$ 336,120 | \$ 210,000 |
| Alpine Church Property | 137,500 | 137,500 | 137,500 | 137,500 | 137,500 | - | - | - |
| Denton Church Property | 219,517 | 219,517 | 219,517 | 275,000 | 275,000 | - | - | - |
| Naples Church Property | 225,000 | 225,000 | 225,000 | - | - | - | - | - |
| Clarksville Church Property | 156,291 | - | - | - | - | - | - | - |
| Total Real Estate | \$ 1,054,838 | \$ 898,547 | \$ 898,547 | \$ 673,547 | \$ 729,030 | \$ 388,280 | \$ 336,120 | \$ 210,000 |
| Other Assets | | | | | | | | |
| Deferred Charge - Priest Service Book | \$ 3,374 | \$ 3,374 | \$ 3,409 | \$ 3,409 | \$ 4,276 | \$ 4,722 | \$ 5,005 | \$ 6,180 |
| Equity In Non-Owned Church Properties | 1,221,446 | 1,108,954 | 932,114 | 706,241 | 498,693 | 329,745 | 178,133 | 88,131 |
| Total Other Assets | \$ 1,224,820 | \$ 1,112,328 | \$ 935,523 | \$ 709,650 | \$ 502,968 | \$ 334,466 | \$ 183,138 | \$ 94,311 |
| TOTAL ASSETS | \$ 8,656,359 | \$ 8,143,278 | \$ 7,990,444 | \$ 7,693,720 | \$ 5,860,595 | \$ 5,219,652 | \$ 2,622,865 | \$ 1,346,480 |
| LIABILITIES | | | | | | | | |
| Direct Liabilities | | | | | | | | |
| Accounts Payable | \$ 1,170 | \$ 4,880 | \$ 8,073 | \$ 3,199 | \$ 4,867 | \$ 2,243 | \$ 9,064 | \$ 5,141 |
| Income Collected Not Earned | 2,680 | - | - | - | - | - | - | - |
| Designated Funds (Note 5) | 10,084 | 6,192 | 949 | - | - | - | - | - |
| Clergy Assistance Fund (Note 6) | 9,667 | 5,908 | 4,329 | 2,751 | - | - | - | - |
| Church Savings Deposits | 2,192,454 | 1,763,486 | 1,409,886 | 1,147,237 | 822,092 | 477,362 | 228,181 | 135,965 |
| Church-Friendly Loans (Note 7) | 998,691 | 1,064,899 | 987,494 | 946,768 | 1,003,294 | 922,254 | 400,594 | 336,365 |
| Total Direct Liabilities | \$ 3,214,748 | \$ 2,845,366 | \$ 2,410,732 | \$ 2,099,956 | \$ 1,830,253 | \$ 1,401,860 | \$ 637,840 | \$ 477,471 |
| Indirect Liabilities | | | | | | | | |
| Managed Debt Program Creditors (Note 8) | | | | | | | | |
| Guaranteed By Diocese | \$ 2,073,154 | \$ 1,912,157 | \$ 1,187,779 | \$ 1,280,705 | \$ 827,931 | \$ 275,854 | \$ 293,383 | \$ - |
| Not Guaranteed By Diocese | 1,894,116 | 2,110,891 | 3,112,032 | 3,203,138 | 1,963,969 | 2,539,653 | 775,976 | - |
| Total Indirect Liabilities | \$ 3,967,269 | \$ 4,023,048 | \$ 4,299,811 | \$ 4,483,843 | \$ 2,791,901 | \$ 2,815,508 | \$ 1,069,358 | \$ - |
| RESERVES & SURPLUS | | | | | | | | |
| Publications Fund Reserve (Note 8) | \$ 5,000 | \$ 5,000 | \$ 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 | 251,529 | 239,549 | 263,268 |
| Surplus | 1,217,813 | 1,018,335 | 1,023,371 | 853,393 | 981,913 | 745,755 | 671,118 | 600,741 |
| TOTAL RESERVES & SURPLUS | \$ 1,474,342 | \$ 1,274,864 | \$ 1,279,901 | \$ 1,109,923 | \$ 1,238,442 | \$ 1,002,284 | \$ 915,667 | \$ 869,009 |
| TOTAL LIABILITIES, RESERVES, & SURPLUS | \$ 8,656,359 | \$ 8,143,278 | \$ 7,990,444 | \$ 7,693,721 | \$ 5,860,596 | \$ 5,219,652 | \$ 2,622,865 | \$ 1,346,480 |
| CONTINGENT LIABILITIES | | | | | | | | |
| Priest Seminary Debt (Note 10) | \$ 286,191 | \$ 320,717 | \$ 339,398 | \$ 252,228 | \$ 139,881 | \$ 103,847 | \$ 119,014 | \$ 8,236 |

BALANCE SHEET FOOTNOTES

Note 1. Advances are for purposes that can broadly be described as "Budget Support". They are noninterest bearing and tithes 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 Diocese has provided primary funding for several lower cost property acquisitions. Diocese. Primary Loans are noninterest bearing and repayment terms vary with the circumstances of Title 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. Subordinated Loans may also be extended to cover building cost overruns or fill the gap between project cost and bank funding shortfalls. No DOS repayment is required until the debt of the primary creditor is retired. Subordinated Loans are noninterest bearing and thithe 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 Diocese is seeking to refinance in their entirety, ie, convert to Primary Loans. But the immediate objective of the MDP is to reduce a church's monthly mortgage mortgage payment in order to free up cash for ongoing obligations and emerging developmental needs. The MDP begins with the church instructing its lender to send send the monthly billing statement to the Diocese, then the Diocese begins making said payments on behalf of the church. (It should be noted that the church's underlying obligation to the debtholder is not changed changed nore 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 the church's Subordinated Loan balance is therefore increased by like amount. Having been Having been relieved of the monthly payment to the debtholder the church now has the obligation of making monthly payments to the Diocese on its Subordinated Loan. Such payments are usually fixed at a "workable" percentage of General Fund income, with 25% being the maximum amount. The Dioces regularly utilizes cash flow from its Church Savings Deposit and Church Friendly Loan programs to prepay the MDP creditors

Note 5. This is the offsetting debit to the tithe payments that have been credited to church loan balances (described above). Tithe Credits were shown as "Charges to Surplus" in previous financial statements and the accounting change was concurred in by a CPA priest.

Note 6. Designated Funds are gifts received from individuals and disbursed at the direction of the donor. Stipends donated by Diocesan personnel and donated Church Friendly Loan interest are the primary source of such gifts

Note 7. 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 8. 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 terms and conditions specified therein .

Note 9. 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 10. The Publications Reserve represents "seed money" donations for the printing of Archbishop Dmitri's "Priest Service Book". When publishing costs are fully sales proceeds are then to be utilized for other Diocesan publications. The unrecovered costs are shown as "Deferred Charge-Priest Service Book" on the Balance Sheet.

Note 11. 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. About \$2,000 in other donations were subsequently received, and the remaining increase came from earnings from loans and investments. For a 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 12. The Diocese makes the monthly payment on the seminary debt of priests coming to the Diocese to serve as Priest-in-Charge until the debt is paid in full, provided that the person continues to serve in said capacity. Eleven priests are presently receiving this benefit.