

DIOCESE OF THE SOUTH
BALANCE SHEET - 9 MOS COMPARATIVE

	<u>30-Sep</u> <u>2013</u>	<u>30-Sep</u> <u>2012</u>	<u>30-Sep</u> <u>2011</u>	<u>30-Sep</u> <u>2010</u>	<u>30-Sep</u> <u>2009</u>	<u>30-Sep</u> <u>2008</u>
ASSETS						
<u>Current Assets</u>						
Cash	\$ 298,509	\$ 248,462	\$ 316,491	\$ 129,079	\$ 71,169	\$ 89,145
Tithes Receivable	827	4,557	6,730	16,625	220	-
Prepaid Expense/Accounts Receivable	397	210	-	-	1,785	44,279
Investments	-	-	-	-	47,966	47,077
Total Current Assets	<u>\$ 299,734</u>	<u>\$ 253,229</u>	<u>\$ 323,221</u>	<u>\$ 145,704</u>	<u>\$ 121,140</u>	<u>\$ 180,501</u>
<u>Other Assets</u>						
Deferred Charge - Priest Service Book	\$ 3,374	\$ 3,409	\$ 4,276	\$ 4,276	\$ 5,005	\$ 5,540
<u>Loans & Advances</u>						
Advances (Note 1)	\$ 15,000	\$ 418	\$ 1,420	\$ 2,422	\$ -	\$ -
Primary Loans (Note 2)	523,975	533,204	643,194	757,624	709,504	405,568
Subordinated Loans (Note 3)	1,123,886	972,370	874,034	872,849	653,916	311,110
Managed Debt Program Loans (Note 4)	4,100,909	4,371,438	3,746,144	2,686,305	1,773,824	296,582
Total Loans & Advances	<u>\$ 5,763,770</u>	<u>\$ 5,877,430</u>	<u>\$ 5,264,791</u>	<u>\$ 4,319,199</u>	<u>\$ 3,137,245</u>	<u>\$ 1,013,260</u>
<u>Real Estate</u>						
Chancery Office Property	\$ 316,530	\$ 316,530	\$ 316,530	\$ 388,280	\$ 336,120	\$ 210,000
Alpine Church Property	137,500	137,500	137,500	-	-	-
Denton Church Property	219,517	219,517	275,000	-	-	-
Naples Church Property	225,000	225,000	-	-	-	-
Equity in Non-Owned Church Properties (5)	1,070,966	885,735	646,367	450,541	285,132	159,081
Total Real Estate	<u>\$ 1,969,513</u>	<u>\$ 1,784,282</u>	<u>\$ 1,375,397</u>	<u>\$ 838,821</u>	<u>\$ 621,252</u>	<u>\$ 369,081</u>
TOTAL ASSETS	<u><u>\$ 8,036,392</u></u>	<u><u>\$ 7,918,350</u></u>	<u><u>\$ 6,967,684</u></u>	<u><u>\$ 5,308,000</u></u>	<u><u>\$ 3,884,642</u></u>	<u><u>\$ 1,568,382</u></u>
LIABILITIES						
<u>Direct Liabilities</u>						
Accounts Payable	\$ 1,735	\$ 7,973	\$ 6,695	\$ 2,614	\$ 4,587	\$ 8,290
Designated Funds (Note 6)	5,716	1,398	6,106	-	-	-
Clergy Assistance Fund (Note 7)	5,513	3,935	1,387	-	-	-
Church Savings Deposits	1,600,755	1,330,445	1,008,951	694,845	445,400	140,494
Church-Friendly Loans (Note (8))	1,086,069	951,414	967,017	1,040,517	813,142	378,725
Total Direct Liabilities	<u>\$ 2,699,789</u>	<u>\$ 2,295,165</u>	<u>\$ 1,990,155</u>	<u>\$ 1,737,975</u>	<u>\$ 1,263,130</u>	<u>\$ 527,509</u>
<u>Indirect Liabilities</u>						
Managed Debt Program Creditors (Note 9)						
Guaranteed By Diocese	\$ 1,848,333	\$ 1,200,114	\$ 1,202,538	\$ 686,732	\$ 278,699	\$ 296,582
Not Guaranteed By Diocese	2,252,576	3,171,324	2,543,606	1,999,573	1,495,126	-
Total Indirect Liabilities	<u>\$ 4,100,909</u>	<u>\$ 4,371,438</u>	<u>\$ 3,746,144</u>	<u>\$ 2,686,305</u>	<u>\$ 1,773,824</u>	<u>\$ 296,582</u>
<u>RESERVES & SURPLUS</u>						
Publications Fund Reserve (Note 10)	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Pastoral School Fund (Note 11)	251,529	251,529	251,529	251,529	251,850	250,815
Surplus	979,164	995,218	974,856	627,191	590,838	488,476
TOTAL RESERVES & SURPLUS	<u>\$ 1,235,693</u>	<u>\$ 1,251,747</u>	<u>\$ 1,231,385</u>	<u>\$ 883,720</u>	<u>\$ 847,688</u>	<u>\$ 744,291</u>
TOTAL LIABILITIES, RESERVES, & SURPLUS	<u><u>\$ 8,036,392</u></u>	<u><u>\$ 7,918,350</u></u>	<u><u>\$ 6,967,684</u></u>	<u><u>\$ 5,308,000</u></u>	<u><u>\$ 3,884,642</u></u>	<u><u>\$ 1,568,382</u></u>
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<u>CONTINGENT LIABILITIES</u>						
Priest Seminary Debt (Note 12)	\$ 349,695	\$ 231,818	\$ 234,167	\$ 83,264	\$ 105,594	\$ 43,335

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

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 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 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 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 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 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 12. 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. Twelve priests are presently receiving this benefit.