

BISHOP OF THE EPISCOPAL DIOCESE OF
GEORGIA, INC. AND OPERATING ENTITY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

BISHOP OF THE EPISCOPAL DIOCESE OF
GEORGIA, INC. AND OPERATING ENTITY

CONSOLIDATED FINANCIAL STATEMENTS

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities and Changes in Net Assets.....	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6-13
Supplemental Schedules	15-18

HOLLAND, HENRY & BROMLEY, LLP

Certified Public Accountants

J. Richard Henry, CPA
Christopher H. Holland, CPA, CFP®
S. Stewart Bromley, CPA, CFP®
Ronnie A. Barnhill, Jr., CPA
Shannon L. Brett, CPA, CFE

MEMBER:

American Institute of
Certified Public Accountants

Georgia Society of
Certified Public Accountants

South Carolina Association of
Certified Public Accountants

Private Companies Practice
Section Firms Division of
American Institute of
Certified Public Accountants

Independent Auditors' Report

To the Diocesan Council of
Bishop of the Episcopal Diocese of Georgia, Inc.

We have audited the accompanying consolidated financial statements of Bishop of the Episcopal Diocese of Georgia, Inc. (a nonprofit organization) and its operating entity (the Organization), which comprise the consolidated statement of financial position of as of December 31, 2012, and the related consolidated statements of activities and changes in net assets and of cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the 2011 financial statements of Bishop of the Episcopal Diocese of Georgia, Inc. and its operating entity, and, in our report dated August 30, 2012 we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

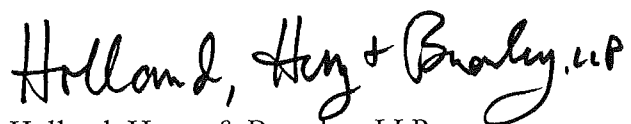
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplemental schedules on pages 15-18 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Holland, Henry & Bromley, LLP
Savannah, Georgia
September 4, 2013

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	
	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 823,279	\$ 959,287
Certificates of deposit	-	33,333
Investments	974,836	-
Other current assets	<u>42,250</u>	<u>27,204</u>
Total current assets	1,840,365	1,019,824
Property and equipment, net	<u>186,997</u>	<u>93,152</u>
Total assets	<u>\$ 2,027,362</u>	<u>\$ 1,112,976</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 56,895	\$ 57,323
Deferred revenue	21,132	16,909
Loan from Endowment Fund of the Episcopal Diocese of Georgia	<u>100,755</u>	<u>100,755</u>
Total current liabilities	178,782	174,987
Long-term debt	<u>1,245,000</u>	<u>1,235,000</u>
Total liabilities	<u>1,423,782</u>	<u>1,409,987</u>
Net assets		
Unrestricted	(827,928)	(780,921)
Unrestricted - designated	305,533	374,203
Temporarily restricted	<u>1,125,975</u>	<u>109,707</u>
Total net assets	<u>603,580</u>	<u>(297,011)</u>
Total liabilities and net assets	<u>\$ 2,027,362</u>	<u>\$ 1,112,976</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total all funds</u>	
			<u>2012</u>	<u>2011</u>
Support and revenues				
Special purpose income	\$ 1,445,308	\$ -	\$ 1,445,308	\$ 180,096
Parish and mission pledges and donations	1,387,554	-	1,387,554	1,489,638
Episcopal Church camps	176,010	-	176,010	85,111
Meetings, group and lodging	157,356	-	157,356	191,493
Trust income	81,416	-	81,416	82,808
Other revenue	12,223	-	12,223	29,902
Interest income	3,579	-	3,579	2,832
Released from restrictions	<u>317,349</u>	<u>(317,349)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>3,580,795</u>	<u>(317,349)</u>	<u>3,263,446</u>	<u>2,061,880</u>
Expenses				
Episcopal office	1,009,953	-	1,009,953	890,634
Special purpose	375,882	-	375,882	331,296
Mission outside the Diocese	242,490	-	242,490	262,187
Dining room and food	171,242	-	171,242	185,704
Mission inside the Diocese	168,940	-	168,940	172,620
Direct operational	135,386	-	135,386	166,956
General and administrative	133,162	-	133,162	251,049
Interest	62,250	-	62,250	50,068
Housekeeping	30,480	-	30,480	26,143
Depreciation	28,445	-	28,445	16,809
Miscellaneous	<u>4,625</u>	<u>-</u>	<u>4,625</u>	<u>21,732</u>
Total expenses	<u>2,362,855</u>	<u>-</u>	<u>2,362,855</u>	<u>2,375,198</u>
Change in net assets	<u>1,217,940</u>	<u>(317,349)</u>	<u>900,591</u>	<u>(313,318)</u>
Net assets - beginning of year	<u>(406,718)</u>	<u>109,707</u>	<u>(297,011)</u>	<u>16,307</u>
Net assets - end of year	<u>\$ 811,222</u>	<u>\$ (207,642)</u>	<u>\$ 603,580</u>	<u>\$ (297,011)</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	December 31,	
	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ 900,591	\$ (313,318)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	28,445	16,809
(Increase) decrease in other assets	(15,046)	26,298
(Decrease) increase in accounts payable and accrued expenses	(428)	19,537
Increase (decrease) in deferred revenue	4,223	(1,495)
Net cash provided by (used for) operating activities	<u>917,785</u>	<u>(252,169)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(122,290)	(27,194)
Net investment activity	<u>(974,836)</u>	<u>-</u>
Net cash used for investing activities	<u>(1,097,126)</u>	<u>(27,194)</u>
Cash flows from financing activities:		
Net payments on line of credit	-	(697,286)
Proceeds from bond issuance	10,000	1,235,000
Net borrowings from Endowment Fund	-	100,755
Net payments on long-term debt	-	(185,030)
Net cash provided by financing activities	<u>10,000</u>	<u>453,439</u>
Net (decrease) increase in cash equivalents	(169,341)	174,076
Cash and cash equivalents - beginning of year	<u>992,620</u>	<u>818,544</u>
Cash and cash equivalents - end of year	<u>\$ 823,279</u>	<u>\$ 992,620</u>
Cash paid for interest	<u>\$ 62,250</u>	<u>\$ 22,841</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 1 - PURPOSE OF ORGANIZATION

The Bishop of the Episcopal Diocese of Georgia, Inc. (the Diocese) is a non-profit organization located in Savannah, Georgia. In 1992, the Diocese incorporated in Georgia as Bishop of the Episcopal Diocese in Georgia, Inc. It was formerly known as The Episcopal Church in the Diocese of Georgia. The Diocese is the administrative unit of the Episcopal parishes and missions within its geographical boundaries and comprises approximately the southern three-fifths of the state of Georgia.

The Georgia Episcopal Camp and Conference Center (the Camp) is an operating entity of the Diocese. The Camp, which is also known as 'Honey Creek', spans 100 acres in Waverly, Georgia and has been in existence since the 1950's to provide a unique setting for the spiritual, community-building and educational needs of its guests. In addition to being an ideal location for spiritual camps, the facilities are utilized for a variety of other functions including weddings, reunions and retreats.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the consolidated entity of the Diocese and the Camp (collectively, the Organization) are described below:

Basis of accounting

The Organization prepares its basic financial statements on the accrual basis of accounting. Consistent with this basis, revenues are recognized when earned and expenses are recognized when incurred.

Financial Accounting Standards Board (FASB) Codification

The Organization's financial reporting adheres to the FASB Accounting Standards Codification (Codification) which is the source of authoritative U.S. generally accepted accounting principles to be applied by non-governmental entities.

Basis of presentation

As required by the Not-for-Profit Entities Presentation of Financial Statements topic of the Codification, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Restricted and unrestricted revenue and support

As required by the Not-for-Profit Entities Revenue Recognition topic of the Codification, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a temporary restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Property

The Diocese capitalizes purchases of property and equipment which exceed \$1,000 and are expected to provide benefit for multiple years. The Camp capitalizes purchases of property and equipment which exceed \$2,000 and are expected to provide benefit for multiple years. The Organization recognizes depreciation on these assets using the straight-line method over the following estimated useful lives:

- Automobiles - 5 years
- Equipment - 5 to 10 years
- Furniture and fixtures - 5 to 7 years
- Building improvements - 15 years

Assets acquired by the Diocese prior to January 1, 2009 are not included in the consolidated statement of financial position. The land, building, and facilities spanning approximately 100 acres in Waverly, Georgia and utilized for operations of the Camp are part of these excluded assets. This property was originally gifted to the Diocese in the late 1950's with certain restrictions surrounding the sale of the property. The tax value of this property was approximately \$3,009,000 at December 31, 2012.

Additionally, the office building and land located in downtown Savannah, Georgia and utilized for operations of the Diocese are also excluded. This property was originally purchased for \$5,451 in 1956. At December 31, 2012, the tax value was approximately \$467,500.

Cash and cash equivalents

Cash and short-term highly liquid investments are included as cash and cash equivalents in the accompanying consolidated financial statements.

Concentration of credit risk

The Organization maintains its cash balances with commercial banks throughout southeast Georgia in deposit accounts which at December 31, 2012 and other times throughout the year, exceeded federally insured limits. The Organization has not experienced any losses of such funds and management believes the Organization is not exposed to any significant risk on cash. The amount of uninsured cash at December 31, 2012 and 2011 is approximately \$101,400 and \$288,500, respectively.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is classified as other than a private foundation. Therefore, no provision for income taxes has been made in these consolidated financial statements.

The Organization adheres to guidance issued by the FASB with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. Once the threshold is met, the amount recognized in the financial statements is the largest amount of tax benefit likely realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. The Organization does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve months.

If incurred, the Organization would recognize interest and penalties related to unrecognized tax benefits in interest expense. The Organization has no amounts accrued for interest and penalties as of December 31, 2012 and 2011. Additionally, no interest or penalties were recorded for the years then ended.

Diocese funding

In 2012, the Diocese ceased providing subsidy installments to the Camp and began directly funding the salaries of the Camp’s executive director and summer camp staff. For the year ended December 31, 2011, funds were provided by the Diocese through an annual subsidy paid in installments which totaled \$84,000 and through a summer camp subsidy which totaled \$32,000. The Diocese paid the Camp \$59,779 and \$51,148 during 2012 and 2011, respectively, for lodging, camps and various conferences. These amounts have been eliminated during the consolidation.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

Subsequent events

The Organization has evaluated subsequent events through September 4, 2013, the date the financial statements were available to be issued.

NOTE 3 - ENDOWMENT FUNDS

An investment fund earmarked for the Camp is held by the Endowment Fund of the Episcopal Diocese of Georgia (the Endowment Fund), and a balance of \$58,776 and \$52,834 was maintained at December 31, 2012 and 2011, respectively. Because this investment is an asset of the Endowment Fund, rather than the Camp, it is not reflected on the accompanying Consolidated Statements of Financial Position. See Note 8 for a description of the amount due to the Endowment Fund as of December 31, 2012.

NOTE 4 - FAIR VALUE MEASUREMENTS

The Fair Value Measurement and Disclosure topic of the Codification establishes a framework for measuring value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The following represents the Organization's assets measured at fair value as of December 31, 2012.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Government obligations	\$ 463,864		\$ -	\$ 463,864
Corporate obligations		\$ 510,972		510,972
	<u>\$ 463,864</u>	<u>\$ 510,972</u>	<u>\$ -</u>	<u>\$ 974,836</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2012 and 2011 consists of the following:

	<u>Diocese</u>	<u>Camp</u>	<u>Total</u> <u>2012</u>	<u>2011</u>
Furniture and fixtures		\$ 40,563	\$ 40,563	\$ 33,998
Building improvements		132,329	132,329	39,109
Maintenance equipment		14,777	14,777	14,777
Vehicles	\$ 18,097	9,500	27,597	16,747
Office equipment	27,000	25,917	52,917	41,262
Kitchen equipment		7,080	7,080	7,080
Disc golf course		6,706	6,706	6,706
Computers and software		5,535	5,535	5,535
	<u>45,097</u>	<u>242,407</u>	<u>287,504</u>	<u>165,214</u>
Less - accumulated depreciation	<u>(22,848)</u>	<u>(77,659)</u>	<u>(100,507)</u>	<u>(72,062)</u>
Total property and equipment	<u>\$ 22,249</u>	<u>\$ 164,748</u>	<u>\$ 186,997</u>	<u>\$ 93,152</u>

Depreciation expense for the years ended December 31, 2012 and 2011, totaled \$28,445 and \$16,809, respectively. The depreciation expense for December 31, 2012 consists of \$8,845 and \$19,600 for the Diocese and the Camp, respectively. The depreciation expense for December 31, 2011 consists of \$7,199 and \$9,610 for the Diocese and the Camp, respectively.

NOTE 6 - DONATED SERVICES AND MATERIALS

No amounts have been reflected in the consolidated financial statements for donated services or materials. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with various committees.

NOTE 7 - EMPLOYEE BENEFIT PLANS

The Bishop and his ordained canons participate in the national clergy pension plan of the Church Pension Fund. This is a defined benefit plan, and Diocese contributions are assessed at approximately 18% of related salaries.

As of July 1, 2012, all full-time employees of the Diocese are eligible to participate in a Section 403(b) plan. The Diocese contributes a total of 10% of related salaries to three defined contribution 403(b) plans for its employees. Total contributions for all plans for the years ended December 31, 2012 and 2011 were \$69,942 and \$67,447, respectively.

NOTE 8 - DEBT

Below is information regarding the Organization's outstanding debt at December 31, 2012.

Bond debt

During 2012 and 2011, the Diocese issued 109 bonds totaling \$1,245,000. The proceeds from this bond issuance were provided to the Camp for the purpose of extinguishing debt and purchasing capital assets. All issued bonds mature December 31, 2022 and require semi-annual interest payments at 5%. Bonds may be called by the Diocese at any time. A total of \$62,250 of bond interest expense was recorded for the year ended December 31, 2012, with \$31,210 accrued but not paid.

Line of credit

The Camp terminated a \$700,000 variable rate line of credit agreement with SunTrust during 2011. Interest on the outstanding balance was assessed at the one-month LIBOR rate plus 2.75%, with a set minimum of 3.00%. The line of credit was paid off on August 31, 2011 and not renewed.

Loan from Endowment Fund

During 2011, the Camp borrowed funds from the Endowment Fund. These funds were borrowed interest free and are due back to the Endowment Fund as soon as possible. At December 31, 2012 and 2011 a total of \$100,755 was due to the Endowment Fund.

All debt agreements

While the debt agreements are accounted for as liabilities of the Camp and satisfied from the assets of the Camp, the borrower on the debt agreements is the Diocese. Assets of the Camp represent partial collateral under these agreements, but the Diocese is the ultimately responsible as the borrower. Property owned by the Diocese and utilized by the Camp serves as the final collateral under these agreements.

NOTE 9 - RELATED PARTIES

The Diocese has approximately seventy related parishes and missions. The revenues received from these parishes and missions are recorded as 'Parish and mission pledges and donations', and the related Diocesan expenses are recorded as 'Mission inside the Diocese' on the consolidated statements of activities and changes in net assets.

NOTE 10 - UNRESTRICTED DESIGNATED NET ASSETS

Amounts designated by the Organization for specific purposes are noted below. The Diocesan Administrator with the approval of the Finance Committee determines these amounts. The following schedule presents the balances as of December 31, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Emergency reserve	\$ 173,042	\$ 235,924
Clergy interns	36,936	48,433
Diocesan convention	21,016	21,016
Episcopal transition	15,000	5,000
Youth counselor education	13,867	14,265
Convention travel	13,776	17,430
Bishop's visitation	12,922	8,161
Mission operations	7,093	13,093
Synod travel	6,476	6,476
Memorials	3,405	3,405
Lambeth	2,000	1,000
	<u>\$ 305,533</u>	<u>\$ 374,203</u>

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2012 and 2011, amounts restricted by donors of the Organization for a specific purpose or time period are noted below.

	<u>2012</u>	<u>2011</u>
Campaign for Mission	\$ 604,916	\$ 26,000
St. Luke's Hawkinsville building fund	500,000	-
Georgia Southern	14,188	13,201
Clergy education	8,997	8,622
Dominican Republic	7,565	7,565
Saluda Clergy House	5,494	3,905
Byllesby Fund	1,606	1,166
Yeoman Trust - St. Barnabas	-	45,093
Belize Fund	-	3,719
Bishop elect gifts	-	91
Other	(16,791)	345
	<u>\$ 1,125,975</u>	<u>\$ 109,707</u>

NOTE 12 - OPERATING LEASE AGREEMENTS

The Diocese leases certain office equipment and real estate under operating lease agreements which expire at various times through 2014. The total expense under operating lease agreements was \$9,467 and \$12,588 for the years ended December 31, 2012 and 2011, respectively.

At December 31, 2012, future minimum rental commitments under these non-cancelable operating leases are as follows:

Year ending December 31,		
2013	\$	6,168
2014		1,284
2015 and thereafter		-
	\$	<u>7,452</u>

NOTE 13 - LEGAL MATTERS

On January 16, 2010, the Diocese was added as a party to the lawsuit between Christ the King Episcopal Church, Inc. and Lowndes County Board of Equalization and Lowndes County Board of Tax Assessors (Lowndes County). Christ the King Episcopal Church, Inc. is a parish of the Diocese and is challenging a determination by Lowndes County that the first floor of the church property in Valdosta, Georgia was not exempt from ad valorem property taxation. On June 29, 2010, the Superior Court denied the Lowndes County Motion for Summary Judgment. On August 4, 2010, the Georgia Court of Appeals denied the Lowndes County Application for Interlocutory Appeal. The approximate amount of money under dispute for Christ the King Episcopal Church, Inc. is \$20,000. The Diocese plans to vigorously defend the claim, but will explore the possibility of an out-of-court settlement. The likelihood of an unfavorable outcome is neither probable nor remote, and no related amounts have been included in the accompanying financial statements.

SUPPLEMENTAL SCHEDULES

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012

	<u>Diocese</u>	<u>Camp</u>	<u>Intercompany Eliminations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 602,852	\$ 220,427	\$ -	\$ 823,279
Investments	974,836			974,836
Intercompany receivable	15,435	-	(15,435)	-
Other current assets	<u>31,071</u>	<u>11,179</u>	<u>-</u>	<u>42,250</u>
Total current assets	1,624,194	231,606	(15,435)	1,840,365
Property and equipment, net	<u>22,249</u>	<u>164,748</u>	<u>-</u>	<u>186,997</u>
Total assets	<u>\$ 1,646,443</u>	<u>\$ 396,354</u>	<u>\$ (15,435)</u>	<u>\$ 2,027,362</u>
LIABILITIES AND NET ASSETS				
Accounts payable and accrued expenses	\$ 49,347	\$ 7,548	\$ -	\$ 56,895
Deferred revenue	13,382	7,750	-	21,132
Intercompany payable	-	15,435	(15,435)	-
Loan from Endowment Fund of the Episcopal Diocese of Georgia	<u>-</u>	<u>100,755</u>	<u>-</u>	<u>100,755</u>
Total current liabilities	62,729	131,488	(15,435)	178,782
Long-term debt	<u>-</u>	<u>1,245,000</u>	<u>-</u>	<u>1,245,000</u>
Total liabilities	<u>62,729</u>	<u>1,376,488</u>	<u>(15,435)</u>	<u>1,423,782</u>
Net assets				
Unrestricted	152,206	(980,134)	-	(827,928)
Unrestricted - designated	305,533	-	-	305,533
Temporarily restricted	<u>1,125,975</u>	<u>-</u>	<u>-</u>	<u>1,125,975</u>
Total net assets	<u>1,583,714</u>	<u>(980,134)</u>	<u>-</u>	<u>603,580</u>
Total liabilities and net assets	<u>\$ 1,646,443</u>	<u>\$ 396,354</u>	<u>\$ (15,435)</u>	<u>\$ 2,027,362</u>

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011

	<u>Diocese</u>	<u>Camp</u>	<u>Intercompany Eliminations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 618,274	\$ 341,013	\$ -	\$ 959,287
Certificates of deposit	33,333	-	-	33,333
Intercompany receivable	32,052	-	(32,052)	-
Other current assets	21,298	5,906	-	27,204
Total current assets	<u>704,957</u>	<u>346,919</u>	<u>(32,052)</u>	<u>1,019,824</u>
Property and equipment, net	<u>20,244</u>	<u>72,908</u>	<u>-</u>	<u>93,152</u>
Total assets	<u>\$ 725,201</u>	<u>\$ 419,827</u>	<u>\$ (32,052)</u>	<u>\$ 1,112,976</u>
LIABILITIES AND NET ASSETS				
Accounts payable and accrued expenses	\$ 50,283	7,040	\$ -	\$ 57,323
Deferred revenue	2,171	14,738	-	16,909
Intercompany payable	-	32,052	(32,052)	-
Loan from Endowment Fund of the Episcopal Diocese of Georgia	<u>-</u>	<u>100,755</u>	<u>-</u>	<u>100,755</u>
Total current liabilities	52,454	154,585	(32,052)	174,987
Long-term debt	<u>-</u>	<u>1,235,000</u>	<u>-</u>	<u>1,235,000</u>
Total liabilities	<u>52,454</u>	<u>1,389,585</u>	<u>(32,052)</u>	<u>1,409,987</u>
Net assets				
Unrestricted	188,837	(969,758)	-	(780,921)
Unrestricted - designated	374,203	-	-	374,203
Temporarily restricted	<u>109,707</u>	<u>-</u>	<u>-</u>	<u>109,707</u>
Total net assets	<u>672,747</u>	<u>(969,758)</u>	<u>-</u>	<u>(297,011)</u>
Total liabilities and net assets	<u>\$ 725,201</u>	<u>\$ 419,827</u>	<u>\$ (32,052)</u>	<u>\$ 1,112,976</u>

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Diocese				Camp Total	Intercompany Eliminations	Total
	Temporarily Restricted		Total				
	Unrestricted	Restricted	Total	Total			
Support and revenues							
Special purpose income	\$ 79,848	\$ 1,333,617	\$ 1,413,465	\$ 31,843	\$ -	\$ -	\$ 1,445,308
Parish and mission pledges and donations	1,351,414	-	1,351,414	36,140	-	-	1,387,554
Episcopal Church camps	-	-	-	235,789	(59,779)	-	176,010
Meetings, group and lodging	-	-	-	157,356	-	-	157,356
Trust income	81,416	-	81,416	-	-	-	81,416
Other revenue	3,498	-	3,498	8,725	-	-	12,223
Interest income	3,579	-	3,579	-	-	-	3,579
Released from restrictions	317,349	(317,349)	-	-	-	-	-
Total support and revenues	<u>1,837,104</u>	<u>1,016,268</u>	<u>2,853,372</u>	<u>469,853</u>	<u>(59,779)</u>	<u>-</u>	<u>3,263,446</u>
Expenses							
Episcopal office	1,020,707	-	1,020,707	-	(10,754)	-	1,009,953
Special purpose	375,882	-	375,882	-	-	-	375,882
Mission outside the Diocese	242,490	-	242,490	-	-	-	242,490
Dining room and food	-	-	-	171,242	-	-	171,242
Mission inside the Diocese	217,965	-	217,965	-	(49,025)	-	168,940
Direct operational	-	-	-	135,386	-	-	135,386
General and administrative	76,516	-	76,516	56,646	-	-	133,162
Interest	-	-	-	62,250	-	-	62,250
Housekeeping	-	-	-	30,480	-	-	30,480
Depreciation	8,845	-	8,845	19,600	-	-	28,445
Miscellaneous	-	-	-	4,625	-	-	4,625
Total expenses	<u>1,942,405</u>	<u>-</u>	<u>1,942,405</u>	<u>480,229</u>	<u>(59,779)</u>	<u>-</u>	<u>2,362,855</u>
Change in net assets	<u>(105,301)</u>	<u>1,016,268</u>	<u>910,967</u>	<u>(10,376)</u>	<u>-</u>	<u>-</u>	<u>900,591</u>
Net assets - beginning of year	<u>563,040</u>	<u>109,707</u>	<u>672,747</u>	<u>(969,758)</u>	<u>-</u>	<u>-</u>	<u>(297,011)</u>
Net assets - end of year	<u>\$ 457,739</u>	<u>\$ 1,125,975</u>	<u>\$ 1,583,714</u>	<u>\$ (980,134)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 603,580</u>

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2011

	Diocese		Camp Total	Intercompany Eliminations	Total
	Unrestricted	Temporarily Restricted			
Support and revenues					
Parish and mission pledges and donations	\$ 1,457,245	\$ -	\$ 1,457,245	\$ (116,000)	\$ 1,489,638
Meetings, group and lodging	-	-	-	-	191,493
Episcopal Church camps	-	-	-	(51,148)	85,111
Special purpose income	70,750	102,691	173,441	-	180,096
Trust income	82,808	-	82,808	-	82,808
Other revenue	27,283	-	27,283	-	29,902
Interest income	2,832	-	2,832	-	2,832
Released from restrictions	281,759	(281,759)	-	-	-
Total support and revenues	<u>1,922,677</u>	<u>(179,068)</u>	<u>1,743,609</u>	<u>(167,148)</u>	<u>2,061,880</u>
Expenses					
Episcopal office	904,135	-	904,135	(13,501)	890,634
General and administrative	94,696	-	94,696	-	251,049
Special purpose	331,296	-	331,296	-	331,296
Mission inside the Diocese	326,267	-	326,267	(153,647)	172,620
Dining room and food	-	-	-	-	185,704
Mission outside the Diocese	262,187	-	262,187	-	262,187
Direct operational	-	-	-	-	166,956
Interest	-	-	-	-	50,068
Housekeeping	-	-	-	-	26,143
Miscellaneous	-	-	-	-	21,732
Depreciation	7,199	-	7,199	-	16,809
Total expenses	<u>1,925,780</u>	<u>-</u>	<u>1,925,780</u>	<u>(167,148)</u>	<u>2,375,198</u>
Change in net assets	<u>(3,103)</u>	<u>(179,068)</u>	<u>(182,171)</u>	<u>-</u>	<u>(313,318)</u>
Net assets - beginning of year	<u>566,143</u>	<u>288,775</u>	<u>854,918</u>	<u>(838,611)</u>	<u>16,307</u>
Net assets - end of year	<u>\$ 563,040</u>	<u>\$ 109,707</u>	<u>\$ 672,747</u>	<u>\$ (969,758)</u>	<u>\$ (297,011)</u>