

**GEORGIA-CUMBERLAND CONFERENCE OF SEVENTH-DAY ADVENTISTS,
 GEORGIA-CUMBERLAND ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.,
 CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.**

**Notes to the Combined Financial Statements
 For the years ended December 31, 2013 and 2012**

	2013	2012
Note 2 - Cash and Cash Equivalents - Operating Funds	Total	Total
Operating		
Imprest Cash	1,000	1,000
Checking Accounts	1,036,538	224,964
GC Money Fund	508,625	1,302,499
Investment Accounts - Cash Equivalent	150,281	25,992
Total Operating Fund	<u>1,696,444</u>	<u>1,554,455</u>
Cohutta Springs		
Imprest Cash	1,884	1,162
Checking Accounts	157,163	116,628
Total Cohutta Springs	<u>159,047</u>	<u>117,790</u>
Total Cash and Cash Equivalents	<u><u>1,855,491</u></u>	<u><u>1,672,245</u></u>
Cash Held for Agency Accounts	<u><u>38,476</u></u>	<u><u>37,786</u></u>

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 GEORGIA-CUMBERLAND ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.,
 CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.**
Notes to the Combined Financial Statements
For the years ended December 31, 2013 and 2012

Note 3 - Investments - All Funds

Carrying Amount and Fair Value	2013		2012	
	Cost	Fair Value	Cost	Fair Value
<u>Investments Held for Operating Purposes</u>				
Corporate Bonds (net of premiums/discounts)	1,010,072	1,026,893	928,183	955,758
U.S. Government Asset Backed/CMO Securities	183,663	167,961	250,157	240,426
Corporate Mortgage/Asset Backed Securities	998,837	1,034,434	1,084,308	1,133,328
Fixed Income Securities	1,984,380	1,984,380	0	0
Foreign Bonds	349,938	341,733	349,938	356,227
Taxable Municipal Bonds	517,044	477,792	393,822	392,292
General Conference Capital Preservation Funds	4,054,771	4,020,410	4,054,771	4,094,277
General Conference Money Fund	496,181	634,346	748,355	796,891
Total Cost - for Operating Purposes	<u>9,594,886</u>	<u>9,687,949</u>	<u>7,809,534</u>	<u>7,969,199</u>
Unrealized Appreciation (Decline) in Value	93,063	0	159,665	0
Carrying Amount at Fair Value	<u>9,687,949</u>	<u>9,687,949</u>	<u>7,969,199</u>	<u>7,969,199</u>
<u>Cash and Investments Held for Plant Fund</u>				
	2013	2012	Cost	Fair Value
Checking Account	134,298	134,298	112,425	112,425
	<u>134,298</u>	<u>134,298</u>	<u>112,425</u>	<u>112,425</u>
<u>Cash and Investments Held for Other Funds</u>				
	2013	2012	Cost	Fair Value
Imprest Cash	10,010	10,010	10,007	10,007
Checking Account	124,244	124,244	3,269	3,269
Savings Account	61,361	61,361	162,496	162,496
Money Market Accounts	71,748	71,748	161,643	161,698
Mutual Funds	131,956	75,633	131,956	76,060
Government Bonds	370,953	359,572	0	0
Corporate Bonds *	551,832	554,623	3,832,735	3,874,650
Fixed Income Securities	5,733,980	5,811,168	0	0
Securities (Stocks)	672,643	825,846	651,127	683,798
General Conference Money Fund	1,250,329	1,250,329	1,248,416	1,248,416
General Conference Capital Preservation Funds	1,651,295	1,646,916	4,023,564	4,094,277
GC Unitized Funds	407,147	452,733	0	0
Direct Investments	35,000	0	35,000	0
Total Cost - for Other than Operating	<u>11,072,498</u>	<u>11,244,183</u>	<u>10,260,213</u>	<u>10,314,671</u>
Unrealized Appreciation (Decline) in Value	171,685	0	54,458	0
Carrying Amount at Fair Value	<u>11,244,183</u>	<u>11,244,183</u>	<u>10,314,671</u>	<u>10,314,671</u>
Total Investments for All Funds	<u>21,066,430</u>	<u>21,066,430</u>	<u>18,396,295</u>	<u>18,396,295</u>

* Net of Premiums and Discounts



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 CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.**

**Notes to the Combined Financial Statements
 For the years ended December 31, 2013 and 2012**

Note 3 - Investments - All Funds (continued)

Composition of Investment Return:	2013		2012	
	Operating Activity	Nonoperating Activity	Operating Activity	Nonoperating Activity
Investment Income (Interest and Dividends)	363,133	232,534	321,278	193,276
Realized Gain (Loss) on Sale of Investments	0	23,639	(3,539)	18,735
Reclass from Prior Year Unrealized Gains	0	0	291,591	0
Unrealized Gain (Loss) in Value of Investments	(66,602)	117,227	(67,957)	180,861
Net Gain (Loss) on Investments for Which Carrying Value Is Fair Value*	(66,602)	140,866	220,095	199,596
Total Investment Return	296,531	373,400	541,373	392,872

* The Organizations did not have any gain or loss on investments for which carrying value is not fair value.

The Organizations' investment strategy places all its investments (except loans receivable and debt securities that qualify as "held to maturity") in a class for which accounting standards require the carrying value to be at fair value.

Fair values at year end are determined by reference to the following "levels" of information:

	2013 Total	2012 Total
Level 1: Observable quoted market prices for identical items	1,227,507	1,133,693
Level 2: Observable quoted market prices for similar items, and other observable market data correlated to specific assets	19,838,923	17,262,602
Level 3: Unobservable other information from investment fund managers, which assets they use market data to determine the unit values which are communicated to investors	0	0
Total Investments at Year End	21,066,430	18,396,295

For Investments Valued with Level 3 Inputs:

Beginning Balance	0	0
Total Gains or Losses (Net)	0	0
Total Purchases and Sales (Net)	0	0
Ending Balance	0	0

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 GEORGIA-CUMBERLAND ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.,
 CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.
 Notes to the Combined Financial Statements
 For the years ended December 31, 2013 and 2012**

Note 4 - Accounts Receivable	2013	2012
	<u>Total</u>	<u>Total</u>
Operating Fund		
Church Remittances	6,592,286	7,089,775
Local Churches & Schools	71,123	561,066
Academies	282,159	249,665
Hospitals	13,597	39,259
Ga.-Cumberland Conf. Adventist Book Center	81,927	68,215
Higher SDA Organizations (Southern Union & NAD)	63,233	88,086
Other SDA Organizations	429,881	151,801
Employee Accounts	10,345	42,512
Miscellaneous Accounts	61,802	3,984
Total Operating Accounts Receivables	<u>7,606,353</u>	<u>8,294,363</u>
 Cohutta Springs		
Accounts Receivable	<u>54,836</u>	<u>133,319</u>
 Total Operating Funds Accounts Receivable	 <u><u>7,661,189</u></u>	 <u><u>8,427,682</u></u>

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 GEORGIA-CUMBERLAND ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.,
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 Notes to the Combined Financial Statements
 For the years ended December 31, 2013 and 2012**

Note 5 - Inter-fund Receivable (Payable)	2013			2012
	Current	Long-Term	Total	Total
<u>Operating Fund Inter-fund Receivable (Payable)</u>				
Plant Fund	(459,351)	0	(459,351)	(530,466)
Cohutta Springs	(10,137)	0	(10,137)	(25,604)
Agency Fund	0	0	0	0
Annuity Fund	0	0	0	0
Total Operating Fund Inter-fund Rec. (Payable)	(469,488)	0	(469,488)	(556,070)
<u>Cohutta Springs Inter-fund Receivable (Payable)</u>				
Operating Fund	10,137	0	10,137	25,604
Plant Fund	0	0	0	0
Investment Fund	(21,223)	(80,000)	(101,223)	0
Total Operating Fund Inter-fund Rec. (Payable)	(11,086)	(80,000)	(91,086)	25,604
<u>Plant Fund Inter-fund Receivable (Payable)</u>				
Operating Fund	459,351	0	459,351	530,466
Endowment Fund	0	0	0	(958,176)
Investment Fund	3,135,274	0	3,135,274	3,093,450
Total Operating Fund Inter-fund Rec. (Payable)	3,594,625	0	3,594,625	2,665,740
<u>Investment Fund Inter-fund Receivable (Payable)</u>				
Plant Fund	(3,135,274)	0	(3,135,274)	(3,093,450)
Cohutta Springs	21,223	80,000	101,223	0
Endowment Fund	0	0	0	(1,445,058)
Annuity Fund	(16,129)	0	(16,129)	(24,175)
Agency Fund	0	0	0	0
Total Operating Fund Inter-fund Rec. (Payable)	(3,130,180)	80,000	(3,050,180)	(4,562,683)
<u>Endowment Fund Inter-fund Receivable (Payable)</u>				
Plant Fund	0	0	0	958,176
Investment Fund	0	0	0	1,445,058
Total Operating Fund Inter-fund Rec. (Payable)	0	0	0	2,403,234
<u>Annuity Fund Inter-fund Receivable (Payable)</u>				
Operating Fund	0	0	0	0
Investment Fund	16,129	0	16,129	24,175
Total Operating Fund Inter-fund Rec. (Payable)	16,129	0	16,129	24,175
<u>Agency Fund Inter-fund Receivable (Payable)</u>				
Operating Fund	0	0	0	0
Investment Fund	0	0	0	0
Total Operating Fund Inter-fund Rec. (Payable)	0	0	0	0
Total Other Funds Inter-fund Rec. (Payable)	(3,114,051)	80,000	(3,034,051)	(2,135,274)

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 GEORGIA-CUMBERLAND ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.,
 CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.
 Notes to the Combined Financial Statements
 For the years ended December 31, 2013 and 2012**

Note 6 - Notes Receivable - Operating

	2013			2012
	Current	Long-Term	Total	Total
Conference Operating Fund (Unsecured)				
Southern Union Revolving Fund @ 1.25 %	5,157,029	0	5,157,029	4,584,516
Church Building Loan Advances @ 4.25%	1,050,870	1,397,471	2,448,341	1,723,058
Professional & Business Association @ 2.50%	0	0	0	1,850,000
Less: Allowance for Doubtful Accounts	0	0	0	0
Total Notes Receivable, Operating 12-31-13	6,207,899	1,397,471	7,605,370	
Total Notes Receivable, Operating 12-31-12	6,773,562	1,384,012		8,157,574

Note 7 - Plant Assets

2013	Total Cost	Accumulated Depreciation	Net Value	Depreciation Expense
Land	353,296	0	353,296	0
Land Improvements	392,645	67,091	325,554	17,783
Buildings	2,497,449	690,240	1,807,209	50,591
Equipment	1,359,835	1,142,716	217,119	137,800
Total for Conference Use, 2013	4,603,225	1,900,047	2,703,178	206,174
Affiliated Organizations - Land	20,508	0	20,508	0
Affiliated Organizations - Land Improvements	46,905	39,070	7,835	1,773
Affiliated Organizations - Buildings	177,783	89,538	88,245	2,043
Local Church & School - Land	16,977,348	0	16,977,348	0
Local Church & School - Buildings	97,889,985	26,476,929	71,413,056	2,041,842
Total for Affiliated Entities Use*, 2013	115,112,529	26,605,537	88,506,992	2,045,658
Total Conference Plant Assets, 2013	119,715,754	28,505,584	91,210,170	2,251,832
Cohutta Springs - Land	1,313,959	0	1,313,959	0
Cohutta Springs - Land Improvements	2,779,245	1,625,779	1,153,466	98,482
Cohutta Springs - Buildings	8,153,615	2,805,990	5,347,625	202,878
Cohutta Springs - Equipment & Vehicles	1,637,534	1,398,534	239,000	70,614
Total for Cohutta Springs Use, 2013	13,884,353	5,830,303	8,054,050	371,974
Total Plant Assets, 2013	133,600,107	34,335,887	99,264,220	2,623,806

* Generally accepted accounting principles require the Association to include in its financial statements all real properties which are deeded in its name. Therefore, the real property for approximately 200 local churches and schools are included in this schedule.



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 GEORGIA-CUMBERLAND ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.,
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 Notes to the Combined Financial Statements
 For the years ended December 31, 2013 and 2012**

Note 7 - Plant Assets (continued)

<u>2012</u>	<u>Total Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value</u>	<u>Depreciation Expense</u>
Land	353,296	0	353,296	0
Land Improvements	256,667	49,308	207,359	12,492
Buildings	2,497,449	639,648	1,857,801	50,591
Equipment	1,353,568	1,040,390	313,178	167,996
Total for Conference Use, 2012	<u>4,460,980</u>	<u>1,729,346</u>	<u>2,731,634</u>	<u>231,079</u>
Affiliated Organizations - Land	20,508	0	20,508	0
Affiliated Organizations - Land Improvements	46,905	37,898	9,007	1,173
Affiliated Organizations - Buildings	177,783	86,895	90,888	30,940
Local Church & School - Land	17,058,748	0	17,058,748	0
Local Church & School - Buildings	96,588,885	24,456,970	72,131,915	1,970,053
Total for Affiliated Entities Use*, 2012	<u>113,892,829</u>	<u>24,581,763</u>	<u>89,311,066</u>	<u>2,002,166</u>
Total Conference Plant Assets, 2012	<u>118,353,809</u>	<u>26,311,109</u>	<u>92,042,700</u>	<u>2,233,245</u>
Cohutta Springs - Land	1,192,665	0	1,192,665	0
Cohutta Springs - Land Improvements	2,735,597	1,527,297	1,208,300	76,361
Cohutta Springs - Buildings	8,152,786	2,616,796	5,535,990	189,646
Cohutta Springs - Equipment & Vehicles	1,622,530	1,391,025	231,505	126,581
Total for Cohutta Springs Use, 2012	<u>13,703,578</u>	<u>5,535,118</u>	<u>8,168,460</u>	<u>392,588</u>
Total Plant Assets, 2012	<u>132,057,387</u>	<u>31,846,227</u>	<u>100,211,160</u>	<u>2,625,833</u>

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 GEORGIA-CUMBERLAND ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.,
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Notes to the Combined Financial Statements
For the years ended December 31, 2013 and 2012

Note 7 - Plant Assets (continued)

<u>Changes in Cost, 2013</u>	Cost 2012	Additions	Deletions	Cost 2013
Land	353,296	0	0	353,296
Land Improvements	256,667	135,978	0	392,645
Buildings	2,497,449	0	0	2,497,449
Equipment	1,353,568	201,031	194,764	1,359,835
Total for Conference Use, 2013	<u>4,460,980</u>	<u>337,009</u>	<u>194,764</u>	<u>4,603,225</u>
Affiliated Organizations - Land	92,575	0	0	92,575
Affiliated Organizations - Land Improvements	46,905	0	0	46,905
Affiliated Organizations - Buildings	105,716	0	0	105,716
Local Church & School - Land	17,058,748	0	81,400	16,977,348
Local Church & School - Buildings	96,588,885	1,462,700	161,600	97,889,985
Total for Affiliated Entities Use, 2013	<u>113,892,829</u>	<u>1,462,700</u>	<u>243,000</u>	<u>115,112,529</u>
Total Conference Plant Assets, 2013	<u>118,353,809</u>	<u>1,799,709</u>	<u>437,764</u>	<u>119,715,754</u>
Cohutta Springs - Land	1,192,665	121,294	0	1,313,959
Cohutta Springs - Land Improvements	2,735,597	43,648	0	2,779,245
Cohutta Springs - Buildings	8,152,786	19,105	18,277	8,153,614
Cohutta Springs - Equipment & Vehicles	1,622,530	107,679	92,674	1,637,535
Total for Cohutta Springs Use, 2013	<u>13,703,578</u>	<u>291,726</u>	<u>110,951</u>	<u>13,884,353</u>
Total Plant Assets, 2013	<u>132,057,387</u>	<u>2,091,435</u>	<u>548,715</u>	<u>133,600,107</u>
	Accumulated Depreciation			Accumulated Depreciation
<u>Changes in Accumulated Depreciation, 2013</u>	2012	Additions	Deletions	2013
Land Improvements	49,308	17,783	0	67,091
Buildings	639,648	50,591	0	690,239
Equipment	1,040,390	137,800	35,474	1,142,716
Total for Conference Use, 2013	<u>1,729,346</u>	<u>206,174</u>	<u>35,474</u>	<u>1,900,046</u>
Affiliated Organizations - Land Improvements	37,898	1,173	0	39,071
Affiliated Organizations - Buildings	86,895	2,643	0	89,538
Local Church & School - Buildings	24,456,970	2,041,842	21,883	26,476,929
Total for Affiliated Entities Use, 2013	<u>24,581,763</u>	<u>2,045,658</u>	<u>21,883</u>	<u>26,605,538</u>
Total Conference Plant Assets, 2013	<u>26,311,109</u>	<u>2,251,832</u>	<u>57,357</u>	<u>28,505,584</u>
Cohutta Springs - Land Improvements	1,527,297	98,482	0	1,625,779
Cohutta Springs - Buildings	2,616,796	202,878	13,684	2,805,990
Cohutta Springs - Equipment & Vehicles	1,391,025	74,607	67,098	1,398,534
Total for Cohutta Springs Use, 2013	<u>5,535,118</u>	<u>375,967</u>	<u>80,782</u>	<u>5,830,303</u>
Total Plant Assets, 2013	<u>31,846,227</u>	<u>2,627,799</u>	<u>138,139</u>	<u>34,335,887</u>

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 Notes to the Combined Financial Statements
 For the years ended December 31, 2013 and 2012**

Note 8 - Notes Receivable - Other than Operating

	2013		2012
	Current	Long-Term	Total
<u>Investment Fund</u>			Total
Southern Union Revolving Fund @ 1.25%	1,874,070	0	859,764
Total Investment Fund Notes Receivable	1,874,070	0	859,764
<u>Endowment Fund</u>			
Southern Union Revolving Fund @ 1.25%	360,955	0	3,523,425
Total Endowment Fund Notes Receivable	360,955	0	3,523,425
Total Notes Receivable, 12-31-13	2,235,025	0	2,235,025
Total Notes Receivable, 12-31-12	4,383,189	0	4,383,189

	2013	2012
	Total	Total
Note 9 - Accounts Payable - All Funds		
<u>Accounts Payable - Operating</u>		
Southern Union Conference, Tithe & Offerings	2,745,012	3,014,807
SDA Academies	298,670	235,517
Commercial Accounts	86,400	67,183
Miscellaneous	325,329	297,337
Accrued Payables	1,416,155	1,281,936
Total Operating Accounts Payable	4,871,566	4,896,780
<u>Accounts Payable - Cohutta Springs</u>		
Commercial Accounts	62,273	76,761
Wages Payable	35,882	38,434
Miscellaneous	2,840	1,290
Total Cohutta Springs Accounts Payable	100,995	116,485

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 CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.
 Notes to the Combined Financial Statements
 For the years ended December 31, 2013 and 2012**

Note 10 - Change in Irrevocable Split-interest Agreements

		<u>2013</u>	<u>2012</u>
		<u>Total</u>	<u>Total</u>
<u>Changes in Gift Portion</u>			
<u>Irrevocable Agreements Fund</u>			
	Unrestricted	Temporarily Restricted	
Actuarial Adjustment from (to) Present Value	<u>33,351</u>	<u>(11,954)</u>	<u>21,397</u>
Net Adjustment to Value			<u>18,224</u>
		<u>21,397</u>	<u>18,224</u>
Increase (Decrease) for the Year		<u>21,397</u>	<u>18,224</u>
 <u>Changes in Gift Portion - Annuity Fund</u>			
Investment Income on Irrevocable Assets		9,287	21,805
Actuarial Adjustment from (to) Present Value		6,137	6,430
Required Payments to Income Beneficiaries		<u>(17,886)</u>	<u>(17,886)</u>
Net Adjustment to Value of Annuities		<u>(2,462)</u>	<u>10,349</u>
Gift Portion of New Annuities Added		<u>0</u>	<u>0</u>
Changes in Gift Portion - Annuities		<u>(2,462)</u>	<u>10,349</u>
Transfer of Unrestricted Maturities to Operating Fund		<u>0</u>	<u>0</u>
Increase (Decrease) for the Year		<u>(2,462)</u>	<u>10,349</u>
Net Assets, Beginning		<u>82,495</u>	<u>72,146</u>
Net Assets, Ending		<u>80,033</u>	<u>82,495</u>
 <u>Changes In Liability to Annuitants</u>			
Present Value of Liability, Beginning		144,038	150,467
Actuarial Adjustments (Including Maturities/Excluding Additions)		(6,137)	(6,429)
Liability to New Annuities Added		<u>0</u>	<u>0</u>
Present Value of Liability, Ending		<u>137,901</u>	<u>144,038</u>

Note 11 - Split-interest Agreements

As of December 31, 2013 and 2012, respectively, the Organization served as trustee of 17 and 18 revocable trusts. Since the trustors of these agreements have reserved the right to direct and control the investment of the related assets, no assets or liabilities related to these trusts are included in the financial statements.

The Organization is generally a remainder beneficiary of at least a portion of the trust assets. Also, the Organization may be beneficiary of wills or trusts administered by other trustees of which the Organization may not be aware.

The General Conference Auditing Service has performed an audit of the Organization's administration of the agreements for which it is trustee, and has issued a separate report thereon dated June 05, 2014.

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 CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.
 Notes to the Combined Financial Statements
 For the years ended December 31, 2013 and 2012**

Note 12 - Endowment Net Asset Composition and Activity

Endowment Net Asset Composition as of December 31, 2013

<u>Endowments by Type</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowments	0	0	0	0
Committee-Designated Endowments	10,904,501	0	0	10,904,501
Total Endowments	10,904,501	0	0	10,904,501

Changes in Endowment Net Assets for the Year Ended December 31, 2013

<u>Activity by Type</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Assets, Beginning of Year	10,521,342	0	0	10,521,342
Investment Return:				
Investment Income (Interest and Dividends)	197,533	0	0	197,533
Net Appreciation or (Decline) (Consisting of Net Realized and Unrealized)	190,943	0	0	190,943
Total Investment Return	388,476	0	0	388,476
Contributions	113,376	0	0	113,376
Appropriation of Assets for Expenditure	(106,247)	0	0	(106,247)
Transfer to Maintain Purchasing Power	0	0	0	0
Transfers In (Out) to Create or Use Committee-Designated Endowments	(12,446)	0	0	(12,446)
Endowment Net Assets, End of Year	10,904,501	0	0	10,904,501

**GEORGIA-CUMBERLAND CONFERENCE OF SEVENTH-DAY ADVENTISTS,
 GEORGIA-CUMBERLAND ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.,
 CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.
 Notes to the Combined Financial Statements
 For the years ended December 31, 2013 and 2012**

Note 12 - Endowment Net Asset Composition and Activity (continued)

Endowment Net Asset Composition as of December 31, 2012

<u>Endowments by Type</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowments	0	0	0	0
Committee-Designated Endowments	10,521,342	0	0	10,521,342
Total Endowments	10,521,342	0	0	10,521,342

Changes in Endowment Net Assets for the Year Ended December 31, 2012

<u>Activity by Type</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Assets, Beginning of Year	464,019	0	0	464,019
Investment Return:				
Investment Income (Interest and Dividends)	9,973	0	0	9,973
Net Appreciation or (Decline) (Consisting of Net Realized and Unrealized)	0	0	0	0
Total Investment Return	9,973	0	0	9,973
Contributions	14,006	0	0	14,006
Appropriation of Assets for Expenditure	(8,380)	0	0	(8,380)
Transfer to Maintain Purchasing Power	0	0	0	0
Transfers In (Out) to Create or Use Committee-Designated Endowments	10,041,724	0	0	10,041,724
Endowment Net Assets, End of Year	10,521,342	0	0	10,521,342

**GEORGIA-CUMBERLAND CONFERENCE OF SEVENTH-DAY ADVENTISTS,
 GEORGIA-CUMBERLAND ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.,
 CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.
 Notes to the Combined Financial Statements
 For the years ended December 31, 2013 and 2012**

Note 13 - Temporarily Restricted Net Assets

Temporarily Restricted Net Assets are available for the following purposes or periods:

	<u>Balance</u> <u>12/31/12</u>	<u>Restricted</u> <u>Income</u>	<u>Restrictions</u> <u>Released</u>	<u>Balance</u> <u>12/31/13</u>
<u>Operating Fund</u>				
Pastors & Bible Workers	0	56,424	56,424	0
Ministerial Internship	0	40,275	40,275	0
Evangelism - General	565,497	1,325,884	1,223,974	667,407
Children's Ministries	0	2,578	2,578	0
Family Ministries	443	13,476	13,919	0
Personal Ministries	0	9,362	9,362	0
Pathfinders	177,514	0	16,733	160,781
Youth Camp	4,999	75,430	80,429	0
Youth Administration	7,406	0	0	7,406
Adventist Christian Fellowship	0	0	0	0
Cohutta Adventist Center	0	71,962	71,962	0
Church Building Appropriations	0	102,156	102,156	0
Hispanic Church Building Appropriations	101,732	72,857	81,000	93,589
Church Program Administration	0	600	600	0
K-12 Operations	0	858,353	858,353	0
Atlanta Adventist Academy	0	44,365	44,365	0
Collegedale Academy	0	17,153	17,153	0
Georgia-Cumberland Academy	0	144,615	144,615	0
College & University Operations Funding	0	38,397	38,397	0
Miscellaneous Education Projects	6,595	9,912	6,492	10,015
Miscellaneous Literature Evangelism Programs	99,650	100,000	53,125	146,525
Literature Evangelist Administration	3,563	6,400	7,153	2,810
Community Service Administration	17,598	22,681	40,279	0
Ingathering Reversion	74,042	97,278	97,603	73,717
Information Systems Services	0	17,577	17,577	0
Communication & PR Administration	0	4,980	4,980	0
Administration Support	0	80,850	80,850	0
Association Operations	0	18,252	18,252	0
Doss Production	0	50	50	0
Executive Administration	0	40,749	40,749	0
Buildings	0	0	0	0
Equipment Capital	0	0	0	0
Sub-total Operating Funds	<u>1,059,039</u>	<u>3,272,616</u>	<u>3,169,405</u>	<u>1,162,250</u>
<u>Plant Fund</u>				
Capital Projects	15,000	15,000	30,000	0
Capital Projects	0	561,555	0	561,555
Sub-total Plant Funds	<u>15,000</u>	<u>576,555</u>	<u>30,000</u>	<u>561,555</u>
<u>Other Funds</u>				
Irrevocable Agreements Fund	18,927	(11,954)	0	6,973
Sub-total Other Funds	<u>18,927</u>	<u>(11,954)</u>	<u>0</u>	<u>6,973</u>
Total Temporarily Restricted Net Assets	<u>1,092,966</u>	<u>3,837,217</u>	<u>3,199,405</u>	<u>1,730,778</u>

**GEORGIA-CUMBERLAND CONFERENCE OF SEVENTH-DAY ADVENTISTS,
 GEORGIA-CUMBERLAND ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.,
 CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.
 Notes to the Combined Financial Statements
 For the years ended December 31, 2013 and 2012**

Note 14 - Related Party Transactions

As explained in Note 1, the Organization is affiliated with the Georgia-Cumberland Adventist Book Center (ABC), Atlanta Adventist Academy, Georgia-Cumberland Academy, Greater Collegedale School System and InAsMuch, Inc. Balances receivable from the academies and the ABC are disclosed in Notes 4 and 6. During the year 2013 and 2012, appropriations were made as follows:

	<u>2013</u> <u>Total</u>	<u>2012</u> <u>Total</u>
<u>Academies</u>		
Operating Subsidy	1,053,030	944,958
Worthy Student Scholarships	150,000	150,000
Special Operating Appropriations	663,397	647,054
Capital Appropriations	91,782	496,316
Total Academy Appropriations	<u>1,958,209</u>	<u>2,238,328</u>
<u>Georgia Cumberland ABC</u>		
Special Operating Appropriations	0	5,042
Capital Appropriations	0	25,000
Total ABC Appropriations	<u>0</u>	<u>30,042</u>

Note 15 - Nonoperating Activity	<u>Operating</u> <u>Funds</u>	<u>Plant</u> <u>Funds</u>	<u>Other</u> <u>Funds</u>	<u>2013</u> <u>Total</u>	<u>2012</u> <u>Total</u>
Capital Donations	0	8,030	0	8,030	0
Church & School Properties Added	0	1,462,700	0	1,462,700	4,768,725
Miscellaneous Income	8,140	0	406,661	414,801	1,593
Nonoperating Revenue	<u>8,140</u>	<u>1,470,730</u>	<u>406,661</u>	<u>1,885,531</u>	<u>4,770,318</u>
Depreciation on Affiliated Properties	0	(3,816)	0	(3,816)	(32,113)
Depreciation on Church & School Properties	0	(2,041,842)	0	(2,041,842)	(1,970,053)
Appropriations to Local Churches	0	0	0	0	0
Endowment Distribution	0	0	(106,077)	(106,077)	
General Expenses	(241,189)	(204,582)	(18,354)	(464,125)	(13,308)
Nonoperating Expense	<u>(241,189)</u>	<u>(2,250,240)</u>	<u>(124,431)</u>	<u>(2,615,860)</u>	<u>(2,015,474)</u>
Proceeds from Sale of Plant Assets	0	364,337	0	364,337	284,467
Net Value of Plant Assets Sold	0	(380,406)	0	(380,406)	(1,254,536)
Net Gain (Loss) on Sale of Plant Assets	<u>0</u>	<u>(16,069)</u>	<u>0</u>	<u>(16,069)</u>	<u>(970,069)</u>
Plant Acquisition Funding	(1,639,363)	521,553	(100,454)	(1,218,264)	0
Plant Transfer to Cohutta Springs	1,218,264	0	0	1,218,264	0
Unexpended Plant Resources Spent	0	(337,009)	0	(337,009)	(258,929)
Purchases Added to Net Invested in Plant	0	337,009	0	337,009	258,929
Net Transfer Between Funds	<u>(421,099)</u>	<u>521,553</u>	<u>(100,454)</u>	<u>0</u>	<u>0</u>

**GEORGIA-CUMBERLAND CONFERENCE OF SEVENTH-DAY ADVENTISTS,
 GEORGIA-CUMBERLAND ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.,
 CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.
 Notes to the Combined Financial Statements
 For the years ended December 31, 2013 and 2012**

Note 16 - Pension and Other Post-Retirement Benefits

Defined benefit plans

The Organization participates in the following non-contributory, defined benefit plans:

1. The defined benefit pension plan known as the Seventh-day Adventist Retirement Plan of the North American Division (NADRP). This plan, which covers substantially all employees of the Organization, is administered by the General Conference of Seventh-day Adventists, North American Division (NAD), in Silver Spring, Maryland, and is exempt from the Employee Retirement Income Security Act of 1974 as a "multiple-employer" plan of a church-related agency. The plan provides primarily monthly pension benefits based on years of service and other factors.

The NAD Committee voted to freeze accrual of service credit in NADRP effective December 31, 1999, except for employees who chose the career completion option, and to start a new defined contribution plan effective January 1, 2000. Certain employees will continue to be eligible for future benefits under this plan. The Organization continues to make contributions to this plan, at rates determined annually by the plan.

2. The defined benefit health care plan known as the Health Care Assistance Plan for Participants in the Seventh-day Adventist Retirement Plan of the North American Division (HCAPRP). This plan, which covers substantially all employees of the Organization, is administered by NAD in Silver Spring, Maryland, and is exempt from the Employee Retirement Income Security Act of 1974 as a "multiple-employer" plan of a church-related agency. This plan provides primarily health-care benefits which supplement Medicare benefits. The extent of these benefits is based on years of service and the beneficiary's monthly contribution.

Accounting standards define these plans as "multiemployer" plans. As such, it is not required, nor is it possible, to determine the actuarial value of accumulated benefits or plan net assets for employees of the Organization apart from other plan participants.

Information about the required contributions to these plans, the actuarial obligation for future benefits, and the funded status of these plans, are presented in the tables below.

<u>Required contributions from the Organization:</u>	<u>NADRP</u>	<u>HCAPRP</u>	<u>TOTAL</u>
For the year ended 12/31/2013	\$3,420,162	\$1,168,916	\$4,589,078
For the year ended 12/31/2012	\$3,039,803	\$1,109,117	\$4,148,920
Because the following information is not publicly available, it is required to be disclosed on the basis of information received from each plan.			
<u>Total contributions received from all employers:</u>	<u>NADRP</u>	<u>HCAPRP</u>	<u>TOTAL</u>
For the year ended 12/31/2013	\$91,820,841	\$35,959,775	
For the year ended 12/31/2012	\$88,114,315	\$32,072,730	
<u>Whether the Organization's contributions were more than or less than 5% of the total contributions received by each plan:</u>			
For the year ended 12/31/2013	Less Than	Less Than	
For the year ended 12/31/2012	Less Than	Less Than	
<u>Plan net assets available for benefits:</u>	<u>NADRP</u>	<u>HCAPRP</u>	<u>TOTAL</u>
For the year ended 12/31/2013	\$209,924,999	\$71,035,285	
For the year ended 12/31/2012	\$193,148,475	\$62,771,811	



**GEORGIA-CUMBERLAND CONFERENCE OF SEVENTH-DAY ADVENTISTS,
 GEORGIA-CUMBERLAND ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.,
 CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.
 Notes to the Combined Financial Statements
 For the years ended December 31, 2013 and 2012**

Note 16 - Pension and Other Post-Retirement Benefits (continued)

Actuarial obligation and funded status

Because the following information is not publicly available, it is required to be disclosed on the basis of information received from each plan.

	NADRP	HCAPRP
Date of plan year-end for latest actuarial information	12/31/2012	None obtained
Actuarial liability for future benefits	\$1,488,587,217	Not determined
Value of net assets available for benefits	\$193,148,475	Not determined
Plan funded status as of date of last actuarial data	Less than 65%	Not determined

Risks and other information

The risks of participating in multiemployer plans are different from single-employer plans, in the following aspects:

- Assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers
- If a participating employer stops contributing to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Organization chooses to stop participating in a multiemployer plan, the Organization may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Other information about risks and contingencies related to these plans are as follows:

- Information about the plans is not publicly available, so no "certified zone status" has been determined.
- The Organization's required contributions are not the subject of any collective bargaining agreement.
- No funding improvement plans or rehabilitation plans had been implemented or were pending.
- The Organization has not paid any "surcharge" to either of the plans.
- No minimum contribution for future periods has been determined or required of the Organization.
- No actuarial evaluation has been performed of the HCAPRP, so that information has been omitted.

Defined contribution plan

Effective January 1, 2000, the Organization participates in a defined contribution retirement plan known as The Adventist Retirement Plan. This plan, which covers substantially all employees of the Organization, is administered by NAD in Silver Spring, Maryland, and is exempt from the Employee Retirement Income Security Act of 1974 as a "multiple-employer" plan of a church-related agency.

The Organization contributed \$1,582,762 and \$1,500,200 to the plan for the years ended December 31, 2013 and 2012 respectively, based on a stated percentage of each employee's earnings and a stated matching percentage of employee voluntary contributions. Administration of the accumulated contributions designated for each employee is provided under an agreement between the NAD Corporation and VALIC.

**GEORGIA-CUMBERLAND CONFERENCE OF SEVENTH-DAY ADVENTISTS,
GEORGIA-CUMBERLAND ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.,
CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.
Notes to the Combined Financial Statements
For the years ended December 31, 2013 and 2012**

Note 17 - Contingent Liabilities and Concentration of Risk

The Organization has guaranteed certain liabilities of the local church congregations and school constituencies payable to Professional and Business Associates and the Southern Union Revolving Fund. These loans were used to acquire certain assets that are included within church and school properties in Note 7. (Some of these properties are recorded as collateral for some of these loans.) The total balance due on these loans was \$21,097,543 and \$24,184,703 at December 31, 2013 and 2012, respectively. Principal and interest payments on these loans are scheduled to be made by the local congregations and constituencies. At December 31, 2013, approximately one church congregation was delinquent on its payment schedule.

The Organization receives most of their revenue in the form of contributions from members living within their territory. The amount of contributions is subject to economic conditions that could cause loss of income among church members. The amount of contributions could also be subject to decrease if any significant number of individuals cease to be active members.

The Organization's assets included \$9,479,440 and \$7,167,338 of loans receivable from related organizations and \$0 of loans and mortgages receivable from employees at December 31, 2013 and 2012, respectively. These loans represent 6.56% and 4.98% of the Organization's total assets as of December 31, 2013 and 2012, respectively. Management's estimate of the collectibility of these loans could be subject to the same economic impact as mentioned above for contribution revenue.

Cash, which exceeded the federally insured limits at certain times during the year and at year end, is deposited with high-credit-quality financial institutions.

On April 4, 2013 the Georgia Department of Revenue notified the Organization that an audit had been conducted on Sales & Use Tax for the period January 1, 2008 through December 31, 2012 at Cohutta Springs Convention Center. This audit resulted in an assessed tax liability of \$521,134. The Organization has obtained legal counsel, and plans to contest a major portion of this assessment, as many of the related transactions involve inter-organizational and inter-denominational use of the facility. As of the date of this report, any resulting tax liability is not yet reasonably estimable.

**GEORGIA-CUMBERLAND CONFERENCE OF SEVENTH-DAY ADVENTISTS,
 GEORGIA-CUMBERLAND ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.,
 CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.
 Notes to the Combined Financial Statements
 For the years ended December 31, 2013 and 2012**

Note 18 - Working Capital and Liquidity

	Organization Totals **	
	2013	2012
	Total	Total
<u>Working Capital</u>		
Total Current Assets	26,275,732	25,691,202
Less: Total Current Liabilities	5,086,443	5,098,873
Actual Working Capital	21,189,289	20,592,329
Recommended Working Capital*	11,596,344	11,252,165
Working Capital Excess (Deficit)	9,592,945	9,340,164
Percentage of Recommended	182.72%	183.01%
Current Ratio	5.17	5.04
<u>Liquid Assets</u>		
Cash & Cash Equivalents	1,893,967	1,710,031
Investments	9,687,949	7,969,199
Due from Higher Organizations	63,233	88,086
Accounts Receivable - Church Remittances	6,592,286	7,089,775
Total Liquid Assets	18,237,435	16,857,091
<u>Less Commitments</u>		
Current Liabilities	5,086,443	5,098,873
Temporarily Restricted Net Assets****	1,162,250	1,059,039
Total Commitments	6,248,693	6,157,912
Liquid Assets Excess (Deficit)	11,988,742	10,699,179
Percent Liquid Asset to Commitments	291.86%	273.75%
<u>*Calculation of Recommended Working Capital</u>		
Total Unrestricted Income***	41,736,376	40,772,505
25% of Conference Unrestricted Income	10,434,094	10,193,126
Temporarily Restricted Net Assets****	1,162,250	1,059,039
Total Recommended Working Capital	11,596,344	11,252,165

** Inter-fund borrowing is eliminated in the Organization total columns.

*** Conference Operating Fund - excludes matured trusts and wills, and excludes releases from restrictions.

**** Excludes restricted amounts that are covered by specific noncurrent assets.