SOUTHEASTERN JURISDICTION OF THE UNITED METHODIST CHURCH AND AGENCIES

Consolidated Financial Statements

Year Ended December 31, 2011

(with Independent Auditors' Report thereon)

SOUTHEASTERN JURISDICTION OF
THE UNITED METHODIST CHURCH AND AGENCIES

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December 31, 2011

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

- Independent Auditors' Report -

To the Committee on Finance and Administration of the
Southeastern Jurisdiction of the United Methodist Church
Lake Junaluska, North Carolina

We have audited the accompanying consolidated statement of financial position of Southeastern Jurisdiction of the United Methodist Church and Agencies (the "Organization"), a non-profit organization, as of December 31, 2011, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of Hinton Rural Life Center, Inc. or the Gulfside Association of the United Methodist Church, Inc., wholly owned subsidiaries, whose statements reflect total assets of $2,677,695 as of December 31, 2011, and total revenues of $1,508,490 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Hinton Rural Life Center, Inc. and the Gulfside Association of the United Methodist Church, Inc. is based solely on the report of the other auditors.

We have 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Jurisdiction of the United Methodist Church and Agencies as of December 31, 2011, and the changes in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary statements of financial position, activities and cash flows without agencies and consolidating statement of financial position and activities are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Asheville, North Carolina
December 18, 2013

Dixon Hughes Goodman LLP

SOUTHEASTERN JURISDICTION OF
THE UNITED METHODIST CHURCH AND AGENCIES

Consolidated Statement of Financial Position

December 31, 2011

Assets		
Cash and cash equivalents	$	1,934,023
Investments		6,185,550
Receivables		1,518,885
Property and equipment, net		20,144,750
Other assets		165,128
Total assets	$	29,948,336
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$	215,726
Advance lodging deposits		378,918
Accrued expenses		134,925
Capital leases payable		88,621
Custodial funds		1,142,407
Notes payable		4,307,996
Total liabilities		6,268,593
Net assets:		
Unrestricted		19,228,946
Temporarily restricted		1,766,690
Permanently restricted		2,684,107
Total net assets		23,679,743
Total liabilities and net assets	$	29,948,336

The accompanying notes are an integral part of these financial statements.

SOUTHEASTERN JURISDICTION OF
THE UNITED METHODIST CHURCH AND AGENCIES

Consolidated Statement of Activities

For the Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Annual conference apportionment contributions and special asking	$ 2,113,629	$ -	$ -	$ 2,113,629
Contributions and bequests	483,214	693,685	79,777	1,256,676
Program revenue	9,177,420	195,090	-	9,372,510
Investment return, net of distributions and fees	305,048	6,762	(75,325)	236,485
Realized gains (losses) on investments	14,279	(3,097)	11,360	22,542
Unrealized (losses) gains on investments	(143,303)	2,426	(130,976)	(271,853)
Loss on disposal of property and equipment	(25,528)	-	-	(25,528)
Other--fees, rents and miscellaneous	541,594	7,880	-	549,474
Associates revenue	-	64,520	-	64,520
In-kind rental income	72,600	-	-	72,600
Net assets released from restrictions	2,185,122	(2,095,906)	(89,216)	-
Total revenues, gains and other support	14,724,075	(1,128,640)	(204,380)	13,391,055
Expenses:				
Program services	11,524,464	-	-	11,524,464
General administration	2,582,469	-	-	2,582,469
Fundraising	449,247	-	-	449,247
Interest expense	168,823	-	-	168,823
Total expenses	14,725,003	-	-	14,725,003
Decrease in net assets	(928)	(1,128,640)	(204,380)	(1,333,948)
Net assets, beginning of year	18,786,068	3,059,094	4,310,936	26,156,098
Reclassifications	443,806	(163,764)	(1,422,449)	(1,142,407)
Net assets, end of year	$ 19,228,946	$ 1,766,690	$ 2,684,107	$ 23,679,743

The accompanying notes are an integral part of these consolidated financial statements.

SOUTHEASTERN JURISDICTION OF
THE UNITED METHODIST CHURCH AND AGENCIES

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2011

Cash flows from operating activities:	
Changes in net assets	$ (1,333,948)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	1,276,361
Realized and unrealized gains on investments	249,341
Losses on sale and disposal of property	25,528
Changes in operating assets and liabilities:	
Receivables	268,103
Other assets	53,448
Accounts payable	(285,923)
Refundable deposits	(240,410)
Accrued expenses	(86,666)
Net cash used by operations	(74,166)
Cash flows from investing activities:	
Proceeds from sale of investments	896,441
Acquisition of investments	(442,045)
Expenditures for asset additions	(301,456)
Proceeds from asset disposals	52,354
Net cash provided by investing activities	205,294
Cash flows from financing activities:	
Borrowing of long-term debt	512,591
Payments on capital leases	(79,915)
Payments on notes payable	(1,298,906)
Net cash used by financing activities	(866,230)
Net decrease in cash and cash equivalents	(735,102)
Cash and cash equivalents:	
Beginning of year	2,669,125
End of year	$ 1,934,023
Supplemental schedule of cash flow information:	
Cash payment for interest expense	$ 223,462

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Organization

The Southeastern Jurisdiction of the United Methodist Church and Agencies (the “Organization”) functions as an agent of the United Methodist Church within the Southeastern Jurisdiction of the United States. The Organization receives apportionment contributions remitted by annual conference treasurers and allocates the contributions received to six affiliated agencies and other associated groups and boards. The allocation of funds to these related entities is made based upon a quadrennial jurisdictional conference expense budget. The quadrennial budget also provides the Jurisdiction retain certain funds for administrative and conference expenses.

In its agency role, the Organization supports six affiliated agencies: Lake Junaluska Assembly Inc. (“Lake Junaluska”); the Gulfside Association of the United Methodist Church, Inc. (“Gulfside”); Hinton Rural Life Center, Inc. (“Hinton”); Southeastern Jurisdiction Heritage Center (“Heritage Center”); the Intentional Growth Center (“IGC”) and Southeastern United Methodist Agency for Rehabilitation, Inc. (“SEMAR”). Lake Junaluska's mission is to be God’s agent in assisting the annual conferences in equipping leaders and developing Christian disciples who strengthen the Body of Christ and transform the world. They also provide conference and retreat services for the Southeastern Jurisdiction of the United Methodist Church. The Gulfside Association of the United Methodist Church, Inc. provides retreat and meeting facilities to foster, promote, and develop Christian fellowship, evangelism, and education. Hinton Rural Life Center, Inc. provides facilities, staff, and other resources to develop leadership, programs, and support for the total mission and ministry of United Methodist churches. The Heritage Center’s mission is to preserve and keep alive the stories of the remarkable persons, places and events that make up the history of the United Methodists in the states that comprise the Southeast Jurisdiction. The IGC serves as a continuing education and renewal center with the mission of transforming leaders for shared, Christ-center ministry. SEMAR seeks to provide a faith-based option for individuals with disabilities.

These six agencies receive a budgeted allocation of apportionments from the Organization that constitutes a substantial economic interest in each of the affiliate agencies (approximately $1,923,000 for the year ended December 31, 2011). The Organization also has control over the agencies through its ability to appoint board members for each agency.

The Organization financially supports one additional established associated groups: United Methodist Volunteers in Mission, Inc. (facilitation of persons serving in jurisdictional missions). This group receives budgeted allocation of apportionments from the Jurisdiction, but their board members are not elected by the Organization.

2. Significant Accounting Policies

Principles of Consolidation - The consolidated financial statements include the accounts of the Organization and six affiliated agencies: Lake Junaluska Assembly Inc., The Gulfside Association of the United Methodist Church, Inc., Hinton Rural Life Center, Inc. Southeastern Jurisdiction Heritage Center, Intentional Growth Center, and Southeastern United Methodist Agency for Rehabilitation. All significant intercompany items and transactions have been eliminated in consolidation.

Consolidated Financial Statement Presentation - 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. The three classes of net assets are defined as follows:

Unrestricted - Unrestricted funds account for all resources over which the Organization has discretionary control.

Temporarily Restricted - Temporarily restricted funds represent resources whose use is limited by donors for the purpose and/or time in which they may be expended. Eventually, temporarily restricted funds are reclassified to unrestricted, as their time and purpose requirements are met. Temporarily restricted resources for which donor-imposed restrictions have been met within the same fiscal year as received are reported as unrestricted contributions.

Permanently Restricted - Permanently restricted funds are restricted as to the expendability of principal and may or may not be restricted as to the use of investment return. Investment income earned and gains or losses on sales of investments on endowment and similar funds are accounted for in the unrestricted, temporarily restricted or permanently restricted funds depending upon the respective donor restrictions.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Consolidated Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Consolidated Statement of Activities based on net asset class.

Accounts Receivable - Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, and other circumstances, which may affect the ability of patrons to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Income Taxes - The Organization (including the six affiliated agencies) is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the statutes of the State of North Carolina. Accordingly, no provision for income taxes is provided in the consolidated financial statements.

The Organization's policy is to record a liability for any tax position taken that is beneficial to Lake Junaluska, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2011 and, accordingly, no liability has been accrued. Fiscal years ending on or after 2008 remain subject to examination by federal tax authorities.

Use of Estimates - Management uses estimates and assumptions in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Subsequent Events - Subsequent events have been evaluated through December 18, 2013, which is the date the consolidated financial statements were available to be issued.

3. Investments and Fair Value Measurement

Investments as of December 31, 2011 are as follows:

Mutual funds – equities	$ 1,909,006
Equity securities	1,455,693
Mutual funds – bonds	914,033
Allocated investment	910,165
Corporate bonds	706,039
Government bonds	229,372
Certificate of deposit	47,870
Real estate trust	13,372
	$ 6,185,550

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Organization's own data.)

The following table represents the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis at December 31, 2011.

	Level 1	Level 2	Level 3
Mutual funds – equities	$ 1,909,006	$ -	$ -
Equity securities	1,455,693	-	-
Mutual funds – bonds	914,033	-	-
Allocated investment	-	910,165	-
Corporate bonds	-	706,039	-
Government bonds	-	229,372	-
Certificate of deposit	47,870	-	-
Real estate trust	-	13,372	-
	$ 4,326,602	$ 1,858,948	$ -

4. **Endowments**

As of December 31, 2011, the Organization's endowment consists of approximately 53 individual funds established for a variety of purposes. The endowment includes permanent and donor-restricted funds and board designated funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - In March 2009, the North Carolina Uniform Prudent Management of Institutional Funds Act ("NCUPMIFA") was passed. This Act requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NCUPMIFA. In accordance with NCUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) General economic conditions

(2) The possible effect of inflation and deflation

(3) The expected tax consequences, if any, of investment decisions and strategies

(4) The role that each investment or course of action plays within the overall investment portfolio of the fund

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Organization

(7) The needs of Organization and the fund to make distributions and to preserve capital

(8) An assets special relationship or special value, if any, to the charitable purposes of the Organization

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Organization has a policy of appropriating for distribution each year up to 4.5 percent of its endowment fund's average fair value over the prior three years through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment as discussed below.

Return Objectives and Risk Parameters - The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of benchmark indices while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The change in the endowment assets for the year ended December 31, 2011 is as follows:

	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets:				
Beginning of year	$ 2,156,462	$ 207,661	$ 4,310,936	$ 6,675,059
Investment return, net of fees	70,815	1,872	97,559	170,246
Net depreciation (realized and unrealized)	(99,454)	(594)	(119,616)	(219,664)
Contributions	6,500	50,000	79,777	136,277
Appropriation of endowment assets for expenditure	(422,969)	(4,295)	(262,100)	(689,364)
Reclassifications	443,806	(163,764)	(1,422,449)	(1,142,407)
Endowment net assets end of year	$ 2,155,160	$ 90,880	$ 2,684,107	$ 4,930,147

5. **Receivables**

Lake Junaluska has trade receivables arising from certain residential service fees charged to property owners and from lodging and food service operations. These receivables were approximately $432,000 at December 31, 2011 and are reported net of an allowance for uncollectible accounts in the amount of approximately $40,000.

Revenues for the Organization are received from annual conference treasurers, and consist of prescribed portions of collections submitted by member churches to the conference treasurers. Accounts receivable are recorded for revenues collected by the conference treasurers in the current period but not received by the Organization until the subsequent period. These receivables were approximately $491,000 at December 31, 2011. No allowance for doubtful accounts has been recorded based on collection history.

Lake Junaluska has pledges receivable which are scheduled to be received as follows:

Less than one year	$ 258,616
One to five years	130,781
	389,397
Less allowance for uncollectible accounts	(34,600)
Less discount to net present value (with a 3.0% rate)	(5,365)
Pledges receivable, net	$ 349,432

6. **Property and Equipment**

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

Land and land improvements	$ 8,157,593
Land developed for sale	543,678
Buildings	35,174,342
Equipment	8,836,046
Vehicles	562,962
	53,274,621
Accumulated depreciation	(33,129,871)
	$ 20,144,750

7. **Accrued Expenses**

Accrued expenses consisted of the following at December 31, 2011:

Salaries payable	$ 67,520
Fully-insured claims payable	34,879
Other accrued expenses	32,526
	$ 134,925

Lake Junaluska has a fully-insured health/medical benefit program for all eligible employees and their dependents. The fully-insured program offers an annual deductible of $500 for an individual and $1,000 for a family. The program pays 85% after the annual deductible. Maximum benefits are limited to $2,000,000 per lifetime per employee/participant. The cost of the program for employees is fully covered by employee contributions. The employee pays for all dependent coverage.

8. Notes Payable

Notes payable consisted of the following at December 31, 2011:

Revolving line of credit note payable to bank in the amount of $2,500,000, interest payable monthly at the LIBOR market interest rate plus 1.9%, all principal and interest due in November 2012; collateralized by a brokerage account.	$	535,497
Revolving line of credit note payable to bank in the amount of $810,0000, interest payable monthly with a current interest rate of 5.25%; all principal and interest due in November 2025; secured by real estate.		666,730
Revolving line of credit note payable to bank in the amount of $1,000,000, interest payable monthly at the LIBOR market interest rate plus 2%, all principal and interest due in November 2012; collateralized by a brokerage account.		250,000
Revolving line of credit note payable to bank in the amount of $50,000, interest payable monthly at prime interest rate plus 0.5%; all principal and interest due in November 2012; collateralized by a brokerage account.		34,996
Revolving line of credit note payable to bank in the amount of $150,000, interest payable monthly with a current interest rate of 6.36%; all principal and interest due in 2012; secured by real estate.		147,746
Revolving line of credit note payable to bank in the amount of $38,400, interest payable monthly with a current interest rate of 6.55%; all principal and interest due in 2013; secured by real estate.		22,988
Note payable to bank due in monthly installments of $2,859, including interest at the Federal Reserve's one year United States Treasury rate, not to exceed 13%or fall below 7.875%. Matures in February 2016; collateralized by real estate.		117,539
Note payable to bank due in monthly installments including interest at 4.75% per annum, matures in 2033; collateralized by real estate.		131,914

(Continued)

Note payable to bank due in monthly installments of $7,366, including interest at 5.25% per annum, matures in 2020; collateralized by real estate.	$ 529,486
Note payable to bank due in monthly installments of $8,600, including interest at a fixed rate of 6.35%, matures in 2016; collateralized by real estate.	732,300
Monthly payments of $9,272 began in December 2006, including interest at a fixed rate of 5.85%, balloon payment due December 2017; collateralized by real estate.	977,371
Three Housing Assistance Council (HAC) loans issued 2007 thru 2009 for $195,000. Interest is 0%, due upon the earlier of (1) the sale of land purchased or upon which infrastructure improvements are made or (2) maturity dates ranging during 2012. Eighty percent of loan may be forgiven at HAC's sole discretion when funds have been used to produce the required number of affordable self-help housing units by the deadline and other loan agreement conditions have been satisfied. These grant conversion funds may be passed on as grants or loans to self-help families, or may be used to capitalize an internal revolving development loan fund.	161,429
Total notes payable	4,307,996
Current maturities	(1,392,309)
Notes payable, excluding current maturities	$ 2,915,687

Maturities of long-term debt at December 31, 2011 are as follows:

2012	$ 1,392,309
2013	246,743
2014	261,173
2015	276,463
2016	632,175
Thereafter	1,499,133
	$ 4,307,996

9. Operating Leases

The Organization has entered into several non-cancelable operating lease agreements. The future minimum lease payments as of December 31, 2011 as follows:

2012	$ 41,000
2013	34,000
2014	31,000
2015	9,000
	$ 115,000

Total lease expense for the years ending December 31, 2011 was approximately $41,000.

10. Retirement Plans

The Organization participates in various retirement plans covering different classes of employees.

The Organization provides eligible fulltime clergy coverage to *UMPIP (Clergy)*, a defined contribution pension plan. For the years ended December 31, 2011, the Organization contributed approximately $41,000, or 12% of eligible compensation, including housing allowances of ordained staff.

For eligible full time Lay employees who have completed 1,000 hours of work in the prior calendar year, the Organization contributes 7% of employee compensation to *UMPIP (Lay)*, a defined contribution pension. Contributions amounted to approximately $157,000 in 2011. Employees are required to contribute 1% of compensation to the plan; higher contributions are allowed under certain circumstances.

11. Advertising Costs

The Organization advertises its services through printed media and radio. All costs are expensed as incurred since they represent no future economic benefit. The total advertising expense for the year ended December 31, 2011 was approximately $184,000.

12. Commitments

During 2006, Lake Junaluska entered into a contingent indemnification agreement for the permanent financing of a HUD-financed housing project on property adjacent to Lake Junaluska Assembly grounds. The project was commenced by Southeastern United Methodist Agency for Rehabilitation, Inc., an agency of the Southeastern Jurisdiction of the United Methodist Church, in partnership with Givens Estates, Inc., an agency of the Western North Carolina Conference of the United Methodist Church. The contingent obligation indemnification has a maximum limit of $350,000 and will only be applicable if the cash flow and reserves of the project are first exhausted and Givens Estates, Inc. is required to make up any shortfall.

13. **Temporarily Restricted Net Assets**

Temporarily restricted net assets as of December 31, 2011 are available for the following purposes:

Buildings and grounds	$ 617,482
First Parish project	276,482
Endowment holding	270,509
Group-organized directed funds	216,403
Ministry and program	166,497
Residential services	70,592
Other	148,725
	$ 1,766,690

Supplementary Information

SOUTHEASTERN JURISDICTION OF
THE UNITED METHODIST CHURCH

Statement of Financial Position (Without Agencies)

December 31, 2011 and 2010

Assets		**2011**		**2010**
Cash and cash equivalents	$	759,171	$	669,001
Annual conference receivables		490,880		371,680
Agency receivables		-		2,582
Total assets	$	1,250,051		1,043,263
Liabilities and Net Assets				
Liabilities:				
Payable to Lake Junaluska Assembly, Inc. groups and agencies	$	493,748	$	407,322
Net assets:				
Unrestricted:				
Designated–conference fund		602,837		507,675
Designated–contingency fund		153,466		128,266
Total net assets		756,303		635,941
Total liabilities and net assets	$	1,250,051	$	1,043,263

SOUTHEASTERN JURISDICTION OF
THE UNITED METHODIST CHURCH

Statement of Activities (Without Agencies)

For the Years Ended December 31, 2011 and 2010

	2011	2010
Revenues and other support:		
Annual conference apportionment contributions	$ 1,812,974	$ 1,779,571
Interest earned	114	117
Southeastern Jurisdiction special asking	300,655	401,319
Total revenues and other support	2,113,743	2,181,007
Expenses and payments:		
Jurisdictional conference expenses:		
Finance and administration	16,584	5,123
Committee on Episcopacy	11,914	375
Program Committee	5,920	2,080
Treasurer/communications	50	16,718
Committee on Coordinating	12,192	843
Total program services	46,660	25,139
Quadrennial budget allocation payments:		
Affiliated agencies	1,922,637	1,982,060
Associated groups	24,084	35,320
Total quadrennial budget allocation payments	1,946,721	2,017,380
Total expenses	1,993,381	2,042,519
Excess of revenues and other support over expenses and payments	120,362	138,488
Net assets, beginning of year	635,941	497,453
Net assets, end of year	$ 756,303	$ 635,941

SOUTHEASTERN JURISDICTION OF
THE UNITED METHODIST CHURCH

Statement of Cash Flows (without Agencies)

For the Year Ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Excess of revenues and other support		
over expenses and payments	$ 120,362	$ 138,488
Changes in operating assets and liabilities:		
Increase in annual conference receivables	(119,200)	(31,119)
Decrease in agency and group receivables	2,582	10,732
Increase in accounts payable	86,426	69,005
Net cash provided by operations	90,170	187,106
Cash and cash equivalents:		
Beginning of year	669,001	481,895
End of year	$ 759,171	$ 669,001

SOUTHEASTERN JURISDICTION OF
THE UNITED METHODIST CHURCH AND AGENCIES

Consolidating Statement of Financial Position

December 31, 2011

	LJA	Gulfside	Hinton
Assets			
Cash and cash equivalents	$ 989,121	$ 17,992	$ 120,962
Investments	5,200,503	83,006	355,629
Receivables	1,618,406	13,705	23,882
Property and equipment, net	18,058,496	433,694	1,612,093
Other assets	148,396	-	16,732
		-	
Total assets	$ 26,014,922	$ 548,397	$ 2,129,298
Liabilities and Net Assets			
Liabilities:			
Accounts payable	$ 79,952	$ 16,000	$ 32,010
Advance lodging deposits	370,668	-	8,250
Accrued expenses	130,663	4,262	-
Capital leases payable	88,621	-	-
Custodial funds	1,142,407	-	-
Notes payable	3,177,189	-	1,130,807
Total liabilities	4,989,500	20,262	1,171,067
Net assets:			
Unrestricted	17,442,879	468,271	292,053
Temporarily restricted	1,643,297	34,387	377,411
Permanently restricted	1,939,246	25,477	288,767
Total net assets	21,025,422	528,135	958,231
Total liabilities and net assets	$ 26,014,922	$ 548,397	$ 2,129,298

Heritage Center	IGC	SEMAR	SEJUM	Consolidation	Total
$ 24,078	$ 22,438	$ 261	$ 759,171	$ -	$ 1,934,023
430,316	115,796	300	-	-	6,185,550
-	3,538	-	490,880	(631,526)	1,518,885
-	39,722	745	-	-	20,144,750
-	-	-	-	-	165,128
$ 454,394	$ 181,494	$ 1,306	$ 1,250,051	$ (631,526)	$ 29,948,336
$ 5,244	$ 82,520	$ 137,778	$ 493,748	$ (631,526)	$ 215,726
-	-	-	-	-	378,918
-	-	-	-	-	134,925
-	-	-	-	-	88,621
-	-	-	-	-	1,142,407
-	-	-	-	-	4,307,996
5,244	82,520	137,778	493,748	(631,526)	6,268,593
15,283	89,974	(136,472)	756,303	300,655	19,228,946
3,250	9,000	-	-	(300,655)	1,766,690
430,617	-	-	-	-	2,684,107
449,150	98,974	(136,472)	756,303	-	23,679,743
$ 454,394	$ 181,494	$ 1,306	$ 1,250,051	$ (631,526)	$ 29,948,336

SOUTHEASTERN JURISDICTION OF
THE UNITED METHODIST CHURCH AND AGENCIES

Consolidating Statement of Activities

December 31, 2011

	Unrestricted		
	LJA	**Gulfside**	**Hinton**
Revenues, gains and other support:			
Contributions from Southeastern Jurisdiction of the United Methodist Church	$ 1,472,313	$ 24,084	$ 25,134
Annual conference apportionment contributions	-	-	-
and special asking contributions and bequests	234,708	79,591	94,193
Program revenue	8,414,516	5,080	413,831
Investment return, net of distributions and fees	267,591	646	6,415
Realized gains (losses) on investments	11,521	(5)	(840)
Unrealized gains on investments	(110,975)	(249)	-
Loss on disposal of property and equipment	(25,528)	-	-
Other--fees, rents and miscellaneous	339,771	9,050	189,255
In-kind rental income	72,600	-	-
Net assets released from restrictions	1,181,242	315,472	668,408
Total revenues, gains and other support	11,857,759	433,669	1,396,396
Expenses			
Program services	10,064,055	395,265	650,639
General administration	1,343,967	77,573	927,528
Fundraising	439,163	260	9,824
Interest expense	168,823	-	-
Total expenses	12,016,008	473,098	1,587,991
Increase (decrease) in net assets	(158,249)	(39,429)	(191,595)
Net assets, beginning of year	17,157,322	507,700	483,648
Reclassifications	443,806	-	-
Net assets as restated, end of year	$ 17,442,879	$ 468,271	$ 292,053

		Unrestricted			
Heritage Center	**IGC**	**SEMAR**	**SEJUM**	**Consolidation**	**Total**
$ 58,490	$ 24,084	$ 17,877	$ -	$ (1,621,982)	$ -
-	-	-	2,113,629	-	2,113,629
4,999	69,723	-	-	-	483,214
8,476	335,517	-	-	-	9,177,420
15,425	14,857	-	114	-	305,048
-	3,603	-	-	-	14,279
-	(32,079)	-	-	-	(143,303)
-	-	-	-	-	(25,528)
-	3,518	-	-	-	541,594
-	-	-	-	-	72,600
5,000	15,000	-	-	-	2,185,122
92,390	434,223	17,877	2,113,743	(1,621,982)	14,724,075
71,122	247,749	24,890	1,993,381	(1,922,637)	11,524,464
8,567	224,533	301	-	-	2,582,469
-	-	-	-	-	449,247
-	-	-	-	-	168,823
79,689	472,282	25,191	1,993,381	(1,922,637)	14,725,003
12,701	(38,059)	(7,314)	120,362	300,655	(928)
2,582	128,033	(129,158)	635,941	-	18,786,068
-	-	-	-	-	443,806
$ 15,283	$ 89,974	$ (136,472)	$ 756,303	$ 300,655	$ 19,228,946

SOUTHEASTERN JURISDICTION OF
THE UNITED METHODIST CHURCH AND AGENCIES

Consolidating Statement of Activities, Continued

December 31, 2011

	Temporarily Restricted		
	LJA	**Gulfside**	**Hinton**
Revenues, gains and other support:			
Contributions and bequests	$ 46,470	$ -	$ 644,215
Program revenue	195,090	-	-
Investment return, net of distributions and fees	(2,423)	5,507	3,678
Realized gains (losses) on investments	61	(3,158)	-
Unrealized gains (losses) on investments	(655)	3,081	-
Other--fees, rents and miscellaneous	7,880	-	-
Associates revenue	64,520	-	-
SEJ special asking for lake restoration	300,655	-	-
Net assets released from restrictions	(1,181,242)	(235,240)	(659,424)
Total revenues, gains and other support	(569,644)	(229,810)	(11,531)
Increase (decrease) in net assets	(569,644)	(229,810)	(11,531)
Net assets, beginning of year	2,376,705	264,197	388,942
Reclassifications	(163,764)	-	-
Net assets, end of year	$ 1,643,297	$ 34,387	$ 377,411

	Permanently Restricted		
	LJA	**Gulfside**	**Hinton**
Revenues, gains and other support:			
Contributions and bequests	$ 74,970	$ -	$ 1,232
Investment return, net of distributions and fees	(84,660)	-	9,335
Realized gains (losses) on investments	12,945	-	(1,585)
Unrealized gains (losses) on investments	(130,976)	-	-
Net assets released from restrictions	-	(80,232)	(8,984)
Total revenues, gains and other support	(127,721)	(80,232)	(2)
Increase (decrease) in net assets	(127,721)	(80,232)	(2)
Net assets, beginning of year	3,489,416	105,709	288,769
Reclassifications	(1,422,449)	-	-
Net assets, end of year	$ 1,939,246	$ 25,477	$ 288,767

Temporarily Restricted					
Heritage Center	**IGC**	**SEMAR**	**SEJUM**	**Consolidation**	**Total**
$ -	$ 3,000	$ -	$ -	$ -	$ 693,685
-	-	-	-	-	195,090
-	-	-	-	-	6,762
-	-	-	-	-	(3,097)
-	-	-	-	-	2,426
-	-	-	-	-	7,880
-	-	-	-	-	64,520
-	-	-	-	(300,655)	-
(5,000)	(15,000)	-	-	-	(2,095,906)
(5,000)	(12,000)	-	-	(300,655)	(1,128,640)
(5,000)	(12,000)	-	-	(300,655)	(1,128,640)
8,250	21,000	-	-	-	3,059,094
-	-	-	-	-	(163,764)
$ 3,250	$ 9,000	$ -	$ -	$ (300,655)	$ 1,766,690

Permanently Restricted					
Heritage Center	**IGC**	**SEMAR**	**SEJUM**	**Consolidation**	**Total**
$ 3,575	$ -	$ -	$ -	$ -	$ 79,777
-	-	-	-	-	(75,325)
-	-	-	-	-	11,360
-	-	-	-	-	(130,976)
-	-	-	-	-	(89,216)
3,575	-	-	-	-	(204,380)
3,575	-	-	-	-	(204,380)
427,042	-	-	-	-	4,310,936
-	-	-	-	-	(1,422,449)
$ 430,617	$ -	$ -	$ -	$ -	$ 2,684,107