Financial Statements Together with
Report of Independent Certified Public Accountants

GREEK ORTHODOX ARCHDIOCESE OF AMERICA

December 31, 2008 and 2007

GREEK ORTHODOX ARCHDIOCESE OF AMERICA

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Audit • Tax • Advisory

Grant Thornton LLP
666 Third Avenue, 13th Floor
New York, NY 10017-4011

T 212.599.0100
F 212.370.4520
www.GrantThornton.com

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To His Eminence Archbishop Demetrios of America
and the Members of the Archdiocesan Council of the
Greek Orthodox Archdiocese of America:

We have audited the accompanying statements of financial position of the Greek Orthodox Archdiocese of America (the "Archdiocese") as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Archdiocese's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Archdiocese's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As explained in Note 1, the financial statements presented are only for the Archdiocese as referred to above and do not include the financial position, changes in net assets and cash flows of any affiliates of the Archdiocese. Accordingly, the accompanying financial statements are not intended to present the combined financial position of the Archdiocese and affiliates as of December 31, 2008 and 2007, or the changes in their combined net assets, or their combined cash flows for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greek Orthodox Archdiocese of America as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
July 31, 2012

GREEK ORTHODOX ARCHDIOCESE OF AMERICA
Statements of Financial Position
As of December 31, 2008 and 2007

ASSETS	2008	2007
Cash and cash equivalents	$ 1,808,992	$ 4,716,386
Investments, at fair value	11,419,856	14,797,005
Inventory	682,149	726,952
Due from related entities, net of allowance for doubtful accounts of $1,210,738 and $1,138,903 at December 31, 2008 and 2007, respectively	382,243	362,479
Miscellaneous receivables and other assets	162,435	71,475
Deferred expenses	-	62,401
Prepaid expenses	23,039	14,956
Land, buildings and equipment, net	3,188,865	2,898,792
Beneficial interest in trust held by others	294,927	367,952
Investments held for others	5,146,111	4,724,155
Total assets	$ 23,108,617	$ 28,742,553
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 4,850,626	$ 4,896,818
Deferred revenue	2,267	8,107
Grants payable	350,000	-
Line of credit	1,974,674	1,974,674
Other accrued retirement benefits	1,472,737	1,528,461
Due to related entities	72,541	37,925
Custody funds held for others	5,146,111	4,724,155
Total liabilities	13,868,956	13,170,140
Commitments and contingencies		
NET (DEFICIT) ASSETS		
Unrestricted	(1,048,022)	1,293,498
Temporarily restricted	8,002,313	11,929,672
Permanently restricted	2,285,370	2,349,243
Total net assets	9,239,661	15,572,413
Total liabilities and net assets	$ 23,108,617	$ 28,742,553

The accompanying notes are an integral part of these statements.

GREEK ORTHODOX ARCHDIOCESE OF AMERICA
Statements of Activities
For the years ended December 31, 2008 and 2007

	2008				2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT								
Total commitment	$ 16,785,974	$ -	$ -	$ 16,785,974	$ 15,042,948	$ -	$ -	$ 15,042,948
Contributions and grants	3,990,887	458,943	5,000	4,454,830	7,795,845	2,954,603	5,000	10,755,448
Leadership 100 grants	-	849,300	-	849,300	-	1,079,835	-	1,079,835
Faith Endowment grant	-	750,000	-	750,000	-	500,000	-	500,000
Ministries, publications and registry	1,487,693	-	-	1,487,693	1,683,453	-	-	1,683,453
Department of Religious Education – sales	556,931	-	-	556,931	492,579	-	-	492,579
Department of Religious Education – other	38,083	-	-	38,083	21,246	-	-	21,246
Other income	31,606	-	-	31,606	20,314	-	-	20,314
Investment (loss) income	(1,074,553)	(822,855)	4,152	(1,893,256)	804,487	179,716	6,176	990,379
Change in fair value of beneficial interest in trust held by others	-	-	(73,025)	(73,025)	-	-	11,169	11,169
Gain on sale of fixed assets	-	-	-	-	2,774,479	-	-	2,774,479
Clergy Laity conference	980,527	-	-	980,527	-	-	-	-
Net assets released from restrictions	5,162,747	(5,162,747)	-	-	1,374,943	(1,374,943)	-	-
Total revenues and other support	27,959,895	(3,927,359)	(63,873)	23,968,663	30,010,294	3,339,211	22,345	33,371,850
EXPENSES								
Program services:								
Education	5,016,551	-	-	5,016,551	4,045,476	-	-	4,045,476
Metropolis ministries	4,938,058	-	-	4,938,058	5,390,411	-	-	5,390,411
Orthodoxy in the World	1,404,675	-	-	1,404,675	1,308,542	-	-	1,308,542
Affiliate distributions	3,691,068	-	-	3,691,068	671,500	-	-	671,500
Communications	3,203,909	-	-	3,203,909	2,624,413	-	-	2,624,413
Community services	2,252,748	-	-	2,252,748	1,859,986	-	-	1,859,986
Clergy Laity conference	1,280,026	-	-	1,280,026	-	-	-	-
Retirement and clergy benefit expenses	635,804	-	-	635,804	449,122	-	-	449,122
Total program services	22,422,839	-	-	22,422,839	16,349,450	-	-	16,349,450
Fundraising	197,944	-	-	197,944	431,964	-	-	431,964
General and administrative expenses	7,680,632	-	-	7,680,632	6,540,182	-	-	6,540,182
Total expenses	30,301,415	-	-	30,301,415	23,321,596	-	-	23,321,596
Changes in net assets	(2,341,520)	(3,927,359)	(63,873)	(6,332,752)	6,688,698	3,339,211	22,345	10,050,254
Net (deficit) assets, beginning of year	1,293,498	11,929,672	2,349,243	15,572,413	(5,395,200)	8,590,461	2,326,898	5,522,159
Net (deficit) assets, end of year	$ (1,048,022)	$ 8,002,313	$ 2,285,370	$ 9,239,661	$ 1,293,498	$ 11,929,672	$ 2,349,243	$ 15,572,413

The accompanying notes are an integral part of these statements.

GREEK ORTHODOX ARCHDIOCESE OF AMERICA
Statements of Cash Flows
For the years ended December 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (6,332,752)	$ 10,050,254
Adjustments to reconcile changes in net assets to net cash used in (provided by) operating activities:		
Depreciation	207,024	222,340
Contributions restricted for endowment	(5,000)	(5,000)
Net depreciation (appreciation) in fair value of investments	2,330,866	(411,119)
Change in fair value of beneficial interest in trust held by others	73,025	(11,169)
Gain on sale of fixed assets	-	(2,774,479)
Changes in assets and liabilities:		
Inventory	44,803	(56,625)
Due from related entities	(19,764)	(49,288)
Miscellaneous receivables and other assets	(90,960)	(1,227)
Deferred expenses	62,401	(60,966)
Prepaid expenses	(8,083)	3,270
Accounts payable and accrued expenses	(46,192)	(1,881,175)
Deferred revenue	(5,840)	2,824
Grants payable	350,000	(1,576,151)
Due to related entities	34,616	956
Other accrued retirement benefits	(55,724)	752,068
Net cash used in (provided by) operating activities	(3,461,580)	4,204,513
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(16,999,570)	(10,819,873)
Proceeds from sales and maturities of investments	18,045,853	10,128,606
Purchases of fixed assets	(497,097)	(263,832)
Proceeds from sale of fixed assets	-	2,825,406
Net cash provided by investing activities	549,186	1,870,307
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowment	5,000	5,000
Principal payments on notes payable	-	(2,701,584)
Net cash provided by (used in) financing activities	5,000	(2,696,584)
Net (decrease) increase in cash and cash equivalents	(2,907,394)	3,378,236
Cash and cash equivalents, beginning of year	4,716,386	1,338,150
Cash and cash equivalents, end of year	$ 1,808,992	$ 4,716,386
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 121,685	$ 256,728

The accompanying notes are an integral part of these statements.

1. ORGANIZATION AND NATURE OF ACTIVITIES

The Greek Orthodox Archdiocese of America (the "Archdiocese") is the administrative body of the Greek Orthodox Church in America. The Archdiocese relies primarily on funding from its parishes located throughout the United States.

The Archdiocese is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state and local provisions. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Archdiocese has not been determined to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Archdiocese is related to a number of other entities by virtue of its charter with the Ecumenical Patriarchate, and by common board membership. The accompanying financial statements do not include the financial position, changes in net assets and cash flows of the following affiliated organizations:

- Holy Metropolises of Atlanta, Boston, Chicago, Denver, Detroit, New Jersey, Pittsburgh and San Francisco
- Hellenic College, Inc.
- The Cathedral School
- Greek Orthodox Archdiocesan Cathedral of the Holy Trinity ("Cathedral")
- Saint Basil Academy
- Greek Ladies Philoptochos Society, Inc.
- St. Michael's Home, Inc.
- Order of Saint Andrew the Apostle Archons of the Ecumenical Patriarchate
- The Archbishop Iakovos Leadership 100 Endowment Fund, Inc.
- FAITH: An Endowment for Orthodoxy & Hellenism

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America using the accrual basis of accounting.

Classifications of Net Assets

The net assets of the Archdiocese and changes therein are classified and reported based upon the existence or absence of donor-imposed restrictions as follows:

- Unrestricted – Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of the Archdiocese. Included within unrestricted net assets is a board designated fund, the Cathedral Fund, that was designated by Archbishop Iakovos, to be used, upon approval, for the benefit of the Greek Orthodox Archdiocesan Cathedral of the Holy Trinity ("Cathedral") and Cathedral-related projects. As of December 31, 2008 and 2007, the Cathedral Fund was $2,957,588 and $2,994,999, respectively, and is included as part of the Archdiocese's investments in the accompanying statements of financial position.

Temporarily Restricted – Net assets resulting from contributions and other inflows of assets whose use by the Archdiocese is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by the actions of the Archdiocese pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities.

Permanently Restricted – Net assets resulting from contributions whereby the principal has been restricted by the donor to be held and invested in perpetuity and the income used in accordance with the donor's stipulations, if any.

Cash and Cash Equivalents

The Archdiocese considers all highly liquid investments with original maturities of three months or less from the date of purchase to be cash and cash equivalents, except for those cash equivalents which are included in the Archdiocese's investment portfolio which are held for long-term investment purposes.

Investments

Investments in equity securities with readily determinable fair values are reported at fair value based on quoted market prices. Investments in debt securities are measured using quoted market prices where available. If quoted market prices for debt securities are not available, the fair value is determined using an income approach valuation technique that considers, among other things, rates currently observed in publicly traded markets for debt with similar terms to companies with comparable credit risk, the issuer's credit spread, and illiquidity by sector and maturity. All investments are managed by outside investment advisors subject to the review, approval, and control by the Archdiocese. Such valuations involve assumptions and methods that are reviewed by the Archdiocese.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are determined based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Dividends and interest are recognized as earned. Contributed investments are valued at their fair market value on the date received.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the accompanying financial statements.

Fair Value Measurements

Effective January 1, 2008, the Archdiocese adopted guidance that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value and enhances disclosure requirements for fair value measurements. This guidance maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 - Securities that have little to no pricing observability as of the measurement date. These securities are measured using management’s best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by the Archdiocese. The Archdiocese considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Archdiocese’s perceived risk of that instrument.

Inventory

Inventory is valued at the lower of cost or market. Such inventory consists primarily religious books, publications and other program-related literature and materials.

Receivables

Due to the uncertainty surrounding collection, management provides an allowance for doubtful accounts based on the consideration of the type of receivable, responsible party, the known financial condition of the respective party, historical collection patterns and comparative aging. These allowances are maintained at a level management considers adequate to provide for subsequent adjustments and potential uncollectible accounts. These estimates are reviewed periodically and, if the financial condition of a party changes significantly, management will evaluate the recoverability of any receivables from that organization and write off any amounts that are no longer considered to be recoverable. Any payments subsequently collected on such receivables are recorded as income in the period received.

Land, Buildings and Equipment, Net

Land, buildings and equipment, net are recorded at cost or, if donated, at fair market value, at the date of the gift, less accumulated depreciation. The Archdiocese capitalizes land, buildings and equipment costing $1,000 or more, which have a useful life of more than one year. Depreciation is calculated on a straight-line basis over the estimated useful lives of the related assets, ranging from 3 to 50 years. Works of art are not depreciated.

Due To/From Related Entities

Amounts due to/from related entities represent amounts loaned to/from and or expenses paid on behalf of Archdiocesan affiliates.

Beneficial Interest in Trust Held by Others

The Archdiocese is the beneficiary of a perpetual trust whereby the donor contributed assets to a third-party trustee. The trustee distributes investment income annually to the Archdiocese and the other named beneficiaries in the percentages specified in the trust documents. These distributions are reported as an increase in unrestricted net assets.

The Archdiocese values the trust at its fair value, which is represented by the percentage ownership of the assets in the trust. Changes in the fair value of the trust's assets are reported in the accompanying statements of activities as increases (decreases) in permanently restricted net assets.

Investments Held for Others

The Archdiocese holds investments on behalf of others to be distributed in accordance with their direction. As these funds cannot be used or directed by the Archdiocese, a corresponding liability is recorded for the value of these investments and any unrealized gain or loss on these investments is recognized as an increase in the investments and an increase in the custody funds held for others liability.

Grants Payable

Grants payable represent unconditional promises to give that are expected to be paid within one year.

Conditional Asset Retirement Obligation

Asset retirement obligations include, but are not limited to, certain types of environmental issues that are legally required for remediation upon an asset's retirement as well as contractually required asset retirement obligations. Conditional asset retirement obligations ("CARO") are legal obligations associated with the retirement of tangible long-lived assets in which the timing and/or method of settlement is conditional on a future event that may or may not be within the control of the entity. An entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated, even if conditional on a future event. The Archdiocese has conditional asset retirement obligations primarily associated with the eventual remediation and abatement of asbestos located within the construct of their administration buildings. As of December 31, 2008 and 2007, the Archdiocese recorded a CARO of approximately $32,000 for both years.

Contributions and Grants

The Archdiocese records contributions of cash and other assets when an unconditional promise to give such assets is received from a donor. Contributions are recorded at the fair value of the assets received and are classified as either unrestricted, temporarily restricted or permanently restricted, depending on whether the donor has imposed a restriction on the use of such assets.

Contributions not expected to be received within one year are recognized as temporarily restricted support and are discounted using a credit-adjusted discount rate assigned in the year the pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

Contributions are reported as an increase in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Contributions that are permanently restricted by donors for use as endowments are invested in perpetuity. The income is used for operating purposes when expenditures satisfy the donors' restrictions and such amounts are appropriated for expenditure by the Archdiocesan Council. Income amounts that exceed related expenditures during a fiscal period remain as temporarily restricted net assets.

The Archdiocese reports gifts of property, plant and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire assets are reported as restricted support. Absent explicit donor stipulations about how long such assets must be maintained, the Archdiocese reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Total Commitment

Every parish with the Archdiocese is given a suggested annual financial assessment to help support the mission of the Church. Due to the uncertainty of collection, such assessments are recognized as revenue in the period they are received.

Other Revenue

The Archdiocese generates revenue from programs and the sales of religious books, publications and other program related literature and materials. Such income is recorded in the period the services are performed or upon the date of sale. Clergy Laity conference income is earned in the period which the conference takes place.

Functional Allocation of Expenses

Costs related to the various programs and activities of the Archdiocese have been summarized on a functional basis in the accompanying statements of activities.

Concentration of Credit Risk

Financial instruments that potentially subject the Archdiocese to concentrations of credit and market risk consist principally of cash and cash equivalents and investments on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. Management does not believe that a significant risk of loss due to the failure of a financial institution the Archdiocese utilizes is likely.

Fair Value of Financial Instruments

The carrying value of cash, cash equivalents, receivables, prepaid expenses and other assets, line of credit and accounts payable and accrued expenses is a reasonable estimate of their fair value due to their short-term nature. The carrying value of the Archdiocese's beneficial interest in trusts held by others is estimated based on the present value of expected future cash flows, and thus approximates fair value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board ("FASB") issued guidance which establishes the criterion that an individual tax position has to meet for some or all the benefits of that position to be recognized in an entity's financial statements. The cumulative effect of applying this guidance will be reported as an adjustment to net assets at the beginning of the period in which it is adopted, if an adjustment is concluded to be necessary. The effective date of adopting this guidance for non-public entities was deferred until fiscal years beginning after December 15, 2008. As a non-public entity, the Archdiocese has elected to defer the adoption and is currently assessing the impact, if any, it will have on its financial statements. The Archdiocese has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; and to assess other matters that may be considered tax positions. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can reasonably be estimated.

3. INVESTMENTS, AT FAIR VALUE

As of December 31, 2008 and 2007, investments, at fair value, consisted of the following:

	2008	2007
Cash and cash equivalents	$ 2,704,765	$ 227,419
Common stock	2,124,644	3,935,680
Preferred stock	250,000	700,000
Mutual funds	561,669	848,726
Corporate bonds	1,721,767	170,311
Municipal bonds	2,345,998	7,675,000
U.S. government and agency securities	1,711,013	1,239,869
	$ 11,419,856	$ 14,797,005

The following table prioritizes the inputs used by the Archdiocese as of December 31, 2008 to report the fair value of investments in accordance with the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 2,704,765	$ -	$ -	$ 2,704,765
Common stock	2,124,644	-	-	2,124,644
Preferred stock	-	250,000	-	250,000
Mutual funds	561,669	-	-	561,669
Corporate bonds	-	1,721,767	-	1,721,767
Municipal bonds	-	1,212,108	1,133,890	2,345,998
U.S. government and agency securities	-	826,718	884,295	1,711,013
	$ 5,391,078	$ 4,010,593	$ 2,018,185	$ 11,419,856

The following table summarizes the changes in the Archdiocese's Level 3 investments for the year ended December 31, 2008:

Balance as of January 1, 2008	$ -
Transfer from Level 2 (a) (b)	2,225,000
Purchases	300,000
Net depreciation of investments	(506,815)
Balance as of December 31, 2008	$ 2,018,185

(a) Transferred from Level 2 to Level 3 as a result of the lack of pricing observability experienced in 2008 due to failure of the auction rate securities market (i.e. investors declined to bid on securities).
(b) The Archdiocese's policy is to recognize transfers between the levels as of the actual date of the event or change in circumstances that caused the transfer.

Investment income consisted of the following for the years ended December 31, 2008 and 2007:

	2008	2007
Interest and dividends	$ 437,610	$ 579,260
Net realized and unrealized (depreciation) appreciation	(2,330,866)	411,119
	$ (1,893,256)	$ 990,379

4. LAND, BUILDINGS AND EQUIPMENT, NET

Land, buildings and equipment, net, consisted of the following at December 31, 2008 and 2007:

	2008	2007
Land	$ 471,223	$ 471,223
Building and improvements	4,499,313	4,118,792
Furniture, fixtures and equipment	2,246,516	2,129,940
Website development costs	464,263	464,263
Fine arts	8,910	8,910
	7,690,225	7,193,128
Less: Accumulated depreciation	(4,501,360)	(4,294,336)
	$ 3,188,865	$ 2,898,792

Depreciation expense amounted to $207,024 and $222,340 for the years ended December 31, 2008 and 2007, respectively.

5. LINE OF CREDIT

The Archdiocese has available a $2,000,000 unsecured revolving line of credit facility with a financial institution which matures on July 31, 2009. Interest on amounts outstanding accrues at a rate of prime plus 25 basis points (3.5% and 7.5% as of December 31, 2008 and 2007, respectively). As of December 31, 2008 and 2007, outstanding borrowings on this line of credit totaled $1,974,674.

On July 31, 2009, the Archdiocese converted the existing line of credit facility to a term loan of approximately $1,967,000. Principal and interest of $12,480 are payable monthly commencing on August 31, 2009 with the remaining balance due at maturity on July 31, 2011. Effective July 31, 2011, the term loan was extended to July 31, 2012. The interest rate of this loan is fixed at 5.75%.

6. INVESTMENTS AND CUSTODY FUNDS HELD FOR OTHERS

At December 31, 2008 and 2007, investments held for others consisted of the following:

	2008	2007
Cash and cash equivalents	$ 346,742	$ 153,652
Common stock	222,728	392,767
Mutual funds	942,061	1,361,919
Corporate bonds	513,057	281,398
Municipal bonds	512,212	950,000
U.S. government and agency securities	2,609,311	1,584,419
	$ 5,146,111	$ 4,724,155

The following table prioritizes the inputs used by the Archdiocese as of December 31, 2008 to report the fair value of investments held for others in accordance with the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 346,742	$ -	$ -	$ 346,742
Common stock	222,728	-	-	222,728
Mutual funds	942,061	-	-	942,061
Corporate bonds	-	513,057	-	513,057
Municipal bonds	-	512,212	-	512,212
U.S. government and agency securities	1,913,252	696,059		2,609,311
	$ 3,424,783	$ 1,721,328	$ -	$ 5,146,111

Additions, investment income (loss) and distributions of such accounts, which are excluded from the accompanying statements of activities, are shown below:

	Balance at January 1, 2008	Additions	Net Investment Income (Loss)	Release of Funds to Third Parties	Balance at December 31, 2008
Archbishop Iakovos Library Trust	$ 1,249,279	$ -	$ 36,759	$ -	$ 1,286,038
St. Basil Spyropoulos Fund	615,459	-	(131,577)	(4,148)	479,734
Orthodox Health Plan Dividend Fund	1,306,967	1,050,144	61,040	-	2,418,151
Spyridon Trust IM	1,552,450	-	(472,087)	(118,175)	962,188
	$ 4,724,155	$ 1,050,144	$ (505,865)	$ (122,323)	$ 5,146,111

	Balance at January 1, 2007	Additions	Net Investment Income	Release of Funds to Third Parties	Balance at December 31, 2007
Archbishop Iakovos Library Trust	$ 1,257,363	$ -	$ 61,916	$ (70,000)	$ 1,249,279
St. Basil Spyropoulos Fund	572,384	-	47,541	(4,466)	615,459
Orthodox Health Plan Dividend Fund	1,244,711	-	69,045	(6,789)	1,306,967
Spyridon Trust IM	1,544,575	-	111,039	(103,164)	1,552,450
	$ 4,619,033	$ -	$ 289,541	$ (184,419)	$ 4,724,155

7. EMPLOYEE BENEFIT PLANS

Pension Plan

The Archdiocese participates in a noncontributory defined benefit pension plan covering substantially all full-time lay employees and clergy. Retirement benefits are based on years of service and the employees' compensation during those years of service. Plan assets are held by third party investment managers and are invested in various marketable debt, equity and money market accounts. Minimum funding requirements are determined by an independent actuary.

The plan is considered a church plan and is therefore exempt from the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. Due to the nature of the plan, it is not practicable to determine the extent to which the assets of the plan cover the actuarially computed value of vested benefits for the Archdiocese, on a standalone basis. In addition, because the plan is considered a multi-employer plan, it is only subject to certain minimum reporting requirements. Pension expense allocated to the Archdiocese for the years ended December 31, 2008 and 2007 amounted to approximately $497,000 and $439,000, respectively.

Other Retirement Benefits

The Archdiocese also provides supplemental retirement benefits to certain hierarchs outside of the plan noted above. As of December 31, 2008 and 2007, the Archdiocese has recorded a liability of approximately $1,473,000 and $1,528,000, respectively, for these benefits.

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets, at December 31, 2008 and 2007, consisted of the following:

	2008	2007
Taylor Scholarship Fund	$ 1,690,680	$ 2,473,905
St. Nicholas Relief Fund	2,810,363	2,823,347
Katrina Hurricane Fund	5,369	5,369
Katina Malta Scholarship Fund	16,268	173,522
Miscellaneous Leadership 100 Grants	802,503	1,539,500
Hellenic College Scholarship Fund	314,817	315,538
Teacher Training Program	10,070	10,070
OCF Campus Ministry	11,527	21,527
Niarchos Archival Grant Fund	296,814	335,199
Halki Theological School Fund	381	381
Florida Hurricane Fund	81,635	81,635
Educational Scholarship Fund	201,691	201,691
Gioles Scholarship Fund	-	60,808
Greek Fire Relief Fund	-	2,398,832
Greece Hurricane Relief Fund	119,337	119,337
James Tembelis Scholarship	-	109,279
Asian Disaster Fund	4,570	4,570
Clergy 100	1,000	1,000
St. John Chrysostom Fund	116,034	118,073
Xanthippi Stavros Fund	100,000	100,000
Niarchos Greek Education Fund	17,341	17,341
September 11th Relief Fund	25,903	25,903
Faith : An Endowment for Orthodoxy and Hellenism	533,654	296,497
Palelogos Scholarship fund	60,000	30,000
Ionian Village Capital Fund	5,000	-
Archbishop Iakovos Writing – Niarchos Grant	42,500	67,500
Various other funds	734,856	598,848
	$ 8,002,313	$ 11,929,672

9. NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets were released from donor-restrictions by either incurring expenses or satisfying the restricted purpose during the years ended December 31, 2008 and 2007 as follows:

	2008	2007
Miscellaneous Leadership 100 Grants	$ 1,586,297	$ 343,920
Taylor Scholarship Fund	265,880	157,494
Archbishop Iakovos Writing – Niarchos Grant	25,000	13,500
St.Nicholas Relief Fund	43,294	91,474
Katina Malta Scholarship Fund	24,293	23,220
OFC Campus Ministry	10,000	20,533
Niarchos Archival Grant Fund	38,385	20,658
Gioles Scholarship Fund	16,000	15,000
Faith : An Endowment for Orthodoxy and Hellenism	512,843	203,422
Niarchos Greek Education Fund	-	30,000
Hellenic College Scholarship Fund	721	-
James Tembelis Scholarship Fund	593	4,487
Greek Fire Relief Fund	2,626,703	443,343
St John Chrysostom Fund	12,738	6,515
Other	-	1,377
	$ 5,162,747	$ 1,374,943

10. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to investment in perpetuity. At December 31, 2008 and 2007, the Archdiocese's permanently restricted net assets consisted of the following:

	2008	2007
Taylor Scholarship Fund	$ 1,000,000	$ 1,000,000
Gioles Scholarship Fund*	241,752	240,747
Beneficial interest in George Marinos perpetual trust	294,927	367,952
James J. Tembelis Scholarship Fund*	506,540	504,752
Katina Malta Scholarship Fund*	91,600	91,120
Vlisidis Scholarship Fund	38,261	32,383
Other	112,290	112,289
	$ 2,285,370	$ 2,349,243

* Pursuant to the donor gift instrument, 90% of net income from the fund is to be distributed for individual scholarships and the remaining 10% of net income shall become permanently restricted and added to the corpus of the scholarship fund.

11. ENDOWMENT

The Archdiocese's donor-restricted (gifted) endowment consists of 7 individuals funds established for a variety of purposes, principally in support of the Archdiocese's mission; it excludes permanently restricted beneficial interests in trusts held by others. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Uniform Management of Institutional Funds Acts ("UMIFA") as enacted by the State of New York in 1978 applies to all the institutional funds of the Archdiocese unless the donor has specifically directed otherwise. The Archdiocese has interpreted UMIFA and New York State Laws as requiring the preservation of the original gift of the donor restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Archdiocese classifies as permanently restricted net assets: (a) the original value of gifts donated to its endowment funds, (b) the original value of subsequent gifts to such endowment funds, and (c) accumulations to such endowment funds 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 not classified in permanently restricted net assets is classified either as unrestricted or temporarily restricted net assets, depending on the intent of the endowment fund until those amounts are appropriated for expenditure by the Archdiocese in a manner consistent with the uses, benefits, purposes and duration for which the endowment is established and the standard of prudence prescribed by UMIFA.

The Archdiocese has adopted investment and spending policies for endowment assets that support the objective of providing a sustainable and increasing level of endowment income distribution to support the Archdiocese's activities while seeking to maintain the purchasing power of the endowment assets. The Archdiocese's primary investment objective is to maximize total return within reasonable and prudent levels of risk while maintaining sufficient liquidity to meet disbursement needs and ensure preservation of capital.

To satisfy its long-term rate-of-return objectives, the Archdiocese relies on a total return strategy, the objective of which is to achieve a return consisting of a combination of current income and capital appreciation, without regard to an emphasis on either, recognizing that changes in market conditions and interest rates will result in varying strategies in an attempt to optimize results. The endowment portfolio is diversified among various net asset classes and strategies to help reduce risk.

In August 2008, the FASB issued FASB Staff Position ("FSP") 117-1, "*Endowments of Not-For-Profit Organizations: Net Asset Classifications of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for All Endowment Funds*." FSP 117-1 addresses the net asset classification of donor restricted endowment funds for organizations subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). In addition, FSP 117-1 requires new disclosures about an organization's donor-restricted and board-designated endowment funds. The Archdiocese adopted the disclosure requirements of FSP 117-1 as of January 1, 2008, as required.

	2008			
Composition of Endowment Net Assets by Type of Fund	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor-restricted endowment funds	$ -	$ -	$ 1,990,443	$ 1,990,443
Total	$ -	$ -	$ 1,990,443	$ 1,990,443
Changes in Endowment Net Assets				
Endowment net assets, beginning of year	$ -	$ 912,862	$ 1,981,291	$ 2,894,153
Investment return:				
Investment income	-	52,864	4,152	57,016
Net depreciation (realized and unrealized)	-	(875,719)	-	(875,719)
Appropriation of endowment assets for expenditure	-	(90,007)	-	(90,007)
Contributions	-	-	5,000	5,000
Endowment net assets, end of year	$ -	$ -	$ 1,990,443	$ 1,990,443

In September 2010, the State of New York passed legislation for UPMIFA. This act will replace UMIFA. UPMIFA states that assets should be invested prudently in diversified investments seeking both growth and income. It eliminates the “historic dollar value” approach of UMIFA and provides guidance that eliminates the need for a floor on spending. Specifically, UPMIFA states that the Archdiocese “may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines to be prudent for uses, benefits, purposes and duration for which the endowment fund is established.”

12. RELATED PARTY TRANSACTIONS

The Archdiocese provided $1,200,000 per annum to support the operations of Hellenic College in 2008 and 2007. As of December 31, 2008 and 2007, remaining amounts due to Hellenic College were $350,000 and $0, respectively, and are included as grants payable in the accompanying statements of financial position.

The Archdiocese also pays the salaries and health insurance expenses of certain employees within each metropolis. In addition, the Archdiocese provides monthly grants to eligible metropolises to cover other operating expenses. Total Metropolis Ministries expenses for the years ended December 31, 2008 and 2007 were $4,938,058 and $5,390,411, respectively, as reflected on the accompanying statements of activities.

13. GRANTS REVENUE

The Archbishop Iakovos Leadership 100 Endowment Fund, Inc. ("Leadership 100") provides grants to the Archdiocese in support of the national ministries of the Archdiocese. For the years ended December 31, 2008 and 2007, Leadership 100 provided grants totaling $849,300 and $1,079,835, respectively, for the following purposes:

Grant Name	2008	2007
Department of Youth and Young Adult Ministry-Youth Technology	$ 150,000	$ 22,300
Office of Inter-Church, Ecumenical & Interfaith Relations	250,000	-
Department of Outreach & Evangelism	105,000	-
Center for Family Care (Clergy Family Critical Care Fund)	175,000	-
Center for Family Care	-	262,900
Archives-Digitization/Preservation Grant	100,000	100,000
Youth Ministry – Orthodox Christian Fellowship (OCF)	-	90,000
Parish Development - Research & Writing Services	-	39,930
Preparing for Marriage & Beyond	-	141,930
St .Basil Academy (The Archpastorate of Archbishop Michael)	69,300	-
Parish Stewardship Improvement Practices	-	101,275
Greek Edu.Direct District Professional Teacher Development	-	135,000
Correspndence Tracking System	-	84,500
Home Mission Parish Program	-	102,000
	$ 849,300	$ 1,079,835

As of December 31, 2008 and 2007, amounts not yet received by the Archdiocese under these grants approximated $268,000 and $348,000, respectively, and are included in due from related entities in the accompanying statements of financial position.

14. COMMITMENTS AND CONTINGENCIES

The Archdiocese is involved in various lawsuits, which it is prepared to vigorously defend. The ultimate outcome of these matters cannot be determined at this time. Accordingly, no provision for any liability that may result from these matters has been made in the accompanying financial statements. Management believes that the liability, if any, resulting from these matters would not have a material effect on the accompanying financial statements.

The accompanying financial statements do, however, include a liability of approximately $2,450,000 and $3,250,000 as of December 31, 2008 and 2007, respectively, for lawsuits settled and paid subsequent to year-end and are included in accounts payable and accrued expenses in the accompanying statements of financial position. These expenses are not reflected in the accompanying statements of activities for the years ended December 31, 2008 and 2007 as they pertained to and would be reflected in periods prior to January 1, 2007.

The Archdiocese has entered into various noncancellable operating leases primarily for office equipment.

Future minimum lease payments due under these arrangements are as follows:

Year Ending December 31:	
2009	$ 303,897
2010	140,638
2011	84,091
2012	5,375
	$ 534,001

Rent expense amounted to approximately $270,000 and $248,000 for the years ended December 31, 2008 and 2007, respectively.

15. SUBSEQUENT EVENTS

The Archdiocese evaluated its December 31, 2008 financial statements for subsequent events through July 31, 2012, the date the financial statements were available to be issued. The Archdiocese is not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statement except as disclosed in Notes 5 and 14.