

# Greek Orthodox Archdiocese of America

Financial Statements  
Years Ended December 31, 2018 and 2017

# **Greek Orthodox Archdiocese of America**

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Financial Statements  
Years Ended December 31, 2018 and 2017

# Greek Orthodox Archdiocese of America

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## Independent Auditor's Report

To His Eminence Archbishop Elpidophoros of America  
and the Members of the Archdiocesan Council  
The Greek Orthodox Archdiocese of America  
New York, New York

We have audited the accompanying financial statements of the Greek Orthodox Archdiocese of America which comprise the statements of financial position as of December 31, 2018 and 2017, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



*Opinion*

In our opinion, the 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

July 17, 2019

# Greek Orthodox Archdiocese of America

## Statements of Financial Position

<i>December 31,</i>	2018	2017
<b>Assets</b>		
Cash and cash equivalents	\$ 2,744,009	\$ 1,268,672
Accounts receivable	90,131	87,026
Contributions receivable	93,862	-
Total commitment receivable	744,644	1,016,352
Investments, at fair value	9,440,182	9,499,378
Inventory, net	617,862	691,147
Due from St. Nicholas Greek Orthodox Church and National Shrine	2,848,750	-
Due from other related entities	117,696	217,724
Other receivables and other assets	102,127	385,254
Fixed assets, net	5,397,663	5,427,248
Beneficial interest in split-interest trusts	540,625	601,224
Investments held for others	2,549,259	3,162,528
<b>Total Assets</b>	<b>\$ 25,286,810</b>	<b>\$ 22,356,553</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,620,358	\$ 2,757,326
Line of credit loan payable	2,000,000	-
Deferred revenue	102,234	-
Loans payable to related entities	-	485,000
Total commitment sharing payable	830,000	1,115,940
Grants payable	-	1,250,000
Due to other related entities	55,263	1,223,881
Due to pension plan	-	617,774
Mortgage loan payable, net	5,224,799	-
Other postretirement benefits obligations	2,136,215	1,270,463
Liability for funds held for others	2,549,259	6,669,158
<b>Total Liabilities</b>	<b>14,518,128</b>	<b>15,389,542</b>
<b>Commitments and Contingencies</b>		
<b>Net Assets (Deficit)</b>		
Without donor restrictions	(1,002,187)	(4,459,740)
With donor restrictions	11,770,869	11,426,751
<b>Total Net Assets</b>	<b>10,768,682</b>	<b>6,967,011</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 25,286,810</b>	<b>\$ 22,356,553</b>

*See accompanying notes to financial statements.*

# Greek Orthodox Archdiocese of America

## Statement of Activities

*Year ended December 31, 2018*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support</b>			
Total commitment	\$ 22,090,389	\$ -	\$ 22,090,389
Contributions and grants	817,041	1,908,321	2,725,362
In-kind contribution	1,355,823	-	1,355,823
Leadership 100 grants	-	1,219,463	1,219,463
FAITH grants	-	112,200	112,200
Ministries, publications and registry	2,274,004	-	2,274,004
Sales of books and other materials	569,579	-	569,579
Clergy-Laity Congress revenue	909,541	419,250	1,328,791
Investment income (loss), net	60,983	(37,989)	22,994
Change in fair value of beneficial interest in split-interest trusts	-	(60,599)	(60,599)
Other revenue	83,311	-	83,311
Net assets released from restrictions	3,216,528	(3,216,528)	-
<b>Total Revenues and Other Support</b>	<b>31,377,199</b>	<b>344,118</b>	<b>31,721,317</b>
<b>Expenses</b>			
Program services:			
Education	6,430,416	-	6,430,416
Metropolis Ministries	6,882,667	-	6,882,667
Orthodoxy in the World	1,958,897	-	1,958,897
Communications	1,947,355	-	1,947,355
Community	1,953,175	-	1,953,175
St. Nicholas Greek Orthodox Church and National Shrine (including in-kind services of \$1,355,823)	1,449,765	-	1,449,765
Clergy-Laity Congress	1,113,873	-	1,113,873
Disaster relief	333,903	-	333,903
<b>Total Program Services</b>	<b>22,070,051</b>	<b>-</b>	<b>22,070,051</b>
Supporting services:			
General and administrative	5,737,913	-	5,737,913
Fundraising	111,682	-	111,682
<b>Total Supporting Services</b>	<b>5,849,595</b>	<b>-</b>	<b>5,849,595</b>
<b>Total Program and Supporting Services Expenses</b>	<b>27,919,646</b>	<b>-</b>	<b>27,919,646</b>
<b>Changes in Net Assets</b>	<b>3,457,553</b>	<b>344,118</b>	<b>3,801,671</b>
<b>Net Assets (Deficit), beginning of year</b>	<b>(4,459,740)</b>	<b>11,426,751</b>	<b>6,967,011</b>
<b>Net Assets (Deficit), end of year</b>	<b>\$ (1,002,187)</b>	<b>\$ 11,770,869</b>	<b>\$ 10,768,682</b>

*See accompanying notes to financial statements.*

# Greek Orthodox Archdiocese of America

## Statement of Activities

*Year ended December 31, 2017*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support</b>			
Total commitment	\$ 22,485,412	\$ -	\$ 22,485,412
Contributions and grants	1,412,327	2,307,332	3,719,659
Leadership 100 grants	-	1,094,420	1,094,420
FAITH grants	-	164,000	164,000
Ministries, publications and registry	3,348,069	-	3,348,069
Sales of books and other materials	490,525	-	490,525
Clergy-Laity Congress revenue	54,913	-	54,913
Investment income, net	337,560	856,374	1,193,934
Change in fair value of beneficial interest in split-interest trust held by others	-	28,400	28,400
Other revenue	25,163	-	25,163
Net assets released from restrictions	3,790,726	(3,790,726)	-
<b>Total Revenues and Other Support</b>	<b>31,944,695</b>	<b>659,800</b>	<b>32,604,495</b>
<b>Expenses</b>			
Program services:			
Education	8,315,798	-	8,315,798
Metropolis Ministries	7,072,039	-	7,072,039
Orthodoxy in the World	2,596,475	-	2,596,475
Communications	2,443,273	-	2,443,273
Community	3,729,381	-	3,729,381
St. Nicholas Greek Orthodox Church and National Shrine	796,269	-	796,269
<b>Total Program Services</b>	<b>24,953,235</b>	<b>-</b>	<b>24,953,235</b>
Supporting services:			
General and administrative	6,411,871	-	6,411,871
Fundraising	227,162	-	227,162
<b>Total Supporting Services</b>	<b>6,639,033</b>	<b>-</b>	<b>6,639,033</b>
<b>Total Program and Supporting Services Expenses</b>	<b>31,592,268</b>	<b>-</b>	<b>31,592,268</b>
<b>Excess of Revenues and Other Support Over Expenses</b>	<b>352,427</b>	<b>659,800</b>	<b>1,012,227</b>
<b>Contribution of Net Assets to Direct Archdiocesan District (Note 1)</b>	<b>(801,010)</b>	<b>-</b>	<b>(801,010)</b>
<b>Changes in Net Assets</b>	<b>(448,583)</b>	<b>659,800</b>	<b>211,217</b>
<b>Net Assets (Deficit), beginning of year</b>	<b>(4,011,157)</b>	<b>10,766,951</b>	<b>6,755,794</b>
<b>Net Assets (Deficit), end of year</b>	<b>\$ (4,459,740)</b>	<b>\$ 11,426,751</b>	<b>\$ 6,967,011</b>

*See accompanying notes to financial statements.*

# Greek Orthodox Archdiocese of America

## Statements of Cash Flows

<i>Year ended December 31,</i>	2018	2017
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 3,801,671	\$ 211,217
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	243,217	267,839
Amortization of financing costs	9,260	-
Net change in fair value of investments	130,696	(1,066,766)
Change in fair value of beneficial interest in split-interest trusts	60,599	(261,588)
Loss on disposal of fixed assets	-	285,643
Changes in assets and liabilities:		
Accounts receivable	(3,105)	27,121
Contributions receivable	(93,862)	-
Inventory, net	73,285	(51,209)
Due from St. Nicholas Greek Orthodox Church and National Shrine	(2,848,750)	-
Due from other related entities	100,028	(98,980)
Other receivables and other assets	283,127	120,015
Total commitment receivable and sharing payable, net	(14,232)	(144,929)
Accounts payable and accrued expenses	(1,136,968)	(386,590)
Deferred revenue	102,234	-
Grants payable	(1,250,000)	-
Due to other related entities	(1,168,618)	1,223,881
Liability for funds held for others, net	(3,506,630)	(727,856)
Pension and other accrued retirement benefits	247,978	29,518
<b>Net Cash Used in Operating Activities</b>	<b>(4,970,070)</b>	<b>(572,684)</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(16,484,219)	(11,164,633)
Proceeds from sales of investments	16,412,719	12,192,164
Purchases of fixed assets	(213,632)	(789,418)
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>(285,132)</b>	<b>238,113</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from loans	7,500,000	485,000
Payments on loans	(557,385)	-
Financing costs	(212,076)	-
<b>Net Cash Provided by Financing Activities</b>	<b>6,730,539</b>	<b>485,000</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,475,337</b>	<b>150,429</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>1,268,672</b>	<b>1,118,243</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 2,744,009</b>	<b>\$ 1,268,672</b>
<b>Additional Cash Flow Information</b>		
Interest paid	\$ 145,013	-

*See accompanying notes to financial statements.*

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

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### 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 Church). 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 (IRC) 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 been determined not 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, (combined these are referred to as the Metropolis)
- Hellenic College, Inc.
- The Cathedral School
- Greek Orthodox Archdiocesan Cathedral of the Holy Trinity
- Saint Basil Academy
- Greek Orthodox 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. (Leadership 100)
- FAITH: An Endowment for Orthodoxy & Hellenism (FAITH)
- St. Nicholas Greek Orthodox Church and National Shrine (St. Nicholas)
- St. Photios Greek Orthodox National Shrine

Through the year ended December 31, 2017, the financial position, changes in net assets and cash flows of the Direct Archdiocesan District (DAD) were included in the financial statements of the Archdiocese. In late 2017, the DAD was incorporated as a separate entity and the Archdiocese agreed to contribute to the DAD certain assets net of accrued liabilities, which totaled \$801,010. This was presented as a contribution of net assets to the DAD in the accompanying statement of activities for the year ended December 31, 2017. In addition, the Archdiocese released \$30,000 to the DAD, representing its 2017 grant for camping ministry from Leadership 100; this amount was presented within education program services in the accompanying statement of activities for the year ended December 31, 2017. At December 31, 2017, the liabilities to the DAD consisted of a loan payable of \$235,000 and other amounts totaling \$220,869, which were included in the due to related entities in the accompanying statement of financial position as of December 31, 2017. These liabilities were paid in 2018 and no amounts were due to the DAD at December 31, 2018.

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

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### *Program Services*

The funding received from parishes and other donors enables the Archdiocese to operate various programs, primarily in the following areas:

*Education* - The Archdiocese promotes and supports programs that enhance religious and Greek education, youth and young adult ministries and the summer camp experience at its Ionian Village in Greece. Religious education includes the production of content in an array of themes related to the Church and its ministry, including the publication of a bimonthly magazine. Greek education supports the production of resources for Greek schools and families around the country. The youth and young adult ministries are focused on helping the younger members of the Church to feel spiritually connected to the Church through various programs, such as Sunday School, development of camp curricula, educational online video series and youth retreats at parishes throughout the Archdiocese. The Ionian Village summer camp brings together American high school students abroad for an exciting religious, cultural and educational experience with peers. Youth retreat programs are also run by the Ionian Village during other times of the year. Direct grants to Hellenic College are also included in this program and are further discussed in Note 13.

*Metropolis Ministries* - A portion of the total commitment supports each Metropolis by funding the salaries, benefits and other expenses of clergy and administrative staff at the Metropolis.

*Orthodoxy in the World* - In conjunction with the Ecumenical Patriarchate, the Archdiocese, through its relevant departments and personnel, maintains and coordinates relationships with other Orthodox jurisdictions in America, Christian denominations and inter-Christian organizations, other faiths and interfaith groups and global affairs, especially the United Nations. Expenses include department personnel costs, metropolitan travel to synods at the Ecumenical Patriarchate, as well as other special events, such as the Holy and Great Council event. Direct grants to the Ecumenical Patriarchate are also included in this program and are further discussed in Note 13.

*Communications* - The Archdiocese maintains resources that promote communication of current events within the Archdiocese. The press office issues releases about or on behalf of the Office of the Archbishop and about momentous occasions within the Church. Greek Orthodox Telecommunications (also known as GoTelecom) is the Archdiocese's audio-visual media arm, which produces informational videos and documents significant events in the life of the Archdiocese. The Archdiocese also publishes the Orthodox Observer, the Archdiocesan newspaper, which covers current and upcoming events, pastoral reflections and educational columns. The Orthodox Observer is published six times a year and is distributed free to homes and parishes across the country. The Internet Ministries department ensures that current, accurate and relevant materials are circulated online. It also maintains the websites of the Archdiocese, the Ecumenical Patriarchate and a number of organizations or groups related to the Church. Services such as website maintenance, bulletin builder and live-streaming may be provided for a fee to parishes within and outside the jurisdiction of the Archdiocese.

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## Notes to Financial Statements

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*Community* - The Archdiocese's community activities comprise a wide-range of functions and departments, including registry, public relations, archives, philanthropy, parish management and fundraising resources, family care and ministry and the promotion of and assistance in the use of the uniform parish software. Registry documents all sacramental records (baptism, marriage, divorce, death, etc.) of individuals within the Archdiocese. The public relations department promotes the presence of the Archdiocese in the public sphere, especially in governmental and global relations, as well as coordinates certain affairs of the Ecumenical Patriarchate. The archives department catalogs the historical record of the Archdiocese and major events of the Church. Its library is made available to scholars and professors. The philanthropy division provides financial and medical assistance to retired clergy, widowed presbyters and those in severe need. It also maintains scholarship funds offered by donors. The Orthodox parish software is a uniform software for parishes to easily track information such as family relations, sacraments, donations, etc.

*St. Nicholas Greek Orthodox Church and National Shrine* - In 2013, the Archdiocese commenced a capital campaign on behalf of and for the specific purpose of rebuilding St. Nicholas. Contributions received from this campaign are treated as custody funds and disbursed for construction and related rebuilding activities. Over the years, the Archdiocese incurred certain costs related to St. Nicholas that were not charged directly to the St. Nicholas rebuilding fund, consisting primarily of fundraising and personnel costs associated with St. Nicholas. In addition, the Archdiocese authorized in 2017 a contribution to St. Nicholas consisting of investment return on contributions for St. Nicholas that the Archdiocese could otherwise have retained. These costs were included in St. Nicholas Greek Orthodox Church and National Shrine program services in the accompanying statement of activities for the year ended December 31, 2017. The Archdiocese also recorded in 2017 interest on amounts due to St. Nicholas from inception and is included in general and administrative in the accompanying statement of activities for the year ended December 31, 2017.

In 2018, the fair value of pro bono legal services provided to the Archdiocese to review the construction costs incurred on St. Nicholas Greek Orthodox Church and National Shrine are included herein. In addition, the Archdiocese received significant pro bono accounting and investigative services from a professional services firm the value of which could not be determined.

*Clergy-Laity Congress* - The Clergy-Laity Congress, the legislative body of the Archdiocese, is convened biennially and presided over by the Archbishop. It is concerned with all matters, other than doctrinal or canonical, affecting the life, growth and unity of the Church, the institutions, finances, administration, and educational and philanthropic concerns. The annual total commitment revenue goal for the Archdiocese is determined during the Clergy-Laity Congress. The delegates to the Clergy-Laity Congress are pastors and elected lay representatives.

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

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The revenue and expenses of the 2018 Clergy-Laitly Congress were as follows:

Revenues and Other Support	
Contributions	\$ 419,250
Revenue:	
Registration fees	\$ 792,034
Exhibit fees	113,750
Miscellaneous	3,757
	<u>909,541</u>
<b>Total Revenue</b>	<u>1,328,791</u>
<b>Expenses, including expenses directly incurred by the archdiocese</b>	
Salaries, wages and benefits (secretary)	2,500
Professional fees and other outside services (transcription)	945
Transportation, travel, meals and related expenses (hotels, meals and entertainment and transportation)	707,504
Books, videos and other educational and religious materials (audio visual data and printing)	19,201
Postage and delivery services	485
Equipment and supplies (computer software and office supplies)	60,772
Dues, fees and subscriptions (bank fees and other charges)	24,602
Other expenses (exhibitors and miscellaneous expenses)	39,635
	<u>855,644</u>
<b>Total Expenses</b>	<u>855,644</u>
<b>Excess of Revenue Over Expenses (Net Event Revenue)</b>	<u>\$ 473,147</u>

The Metropolis of Boston hosted the 2018 Clergy-Laitly Congress and received a portion of the net event revenue, which amounted to \$258,229. This amount is presented as Metropolis share in net event revenue in the schedule of functional expenses in Note 3 and, together with total expenses of \$855,664, the overall expenses of the 2018 Clergy-Laitly Congress amount to \$1,113,873 as shown on the Statement of Activities for the year ended December 31, 2018.

*Disaster Relief* - The Archdiocese participates in relief efforts in the event of major fire, global conflicts and natural disasters, primarily through solicitation of contributions from parishioners and other donors and distribution of aid to those in need of assistance in the affected areas.

## 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 (U.S. GAAP) using the accrual basis of accounting.

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

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### *Classifications of Net Assets*

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amount of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

*Without Donor Restrictions* - 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 net assets without donor restrictions 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 and Cathedral related projects. As of December 31, 2018 and 2017, the Cathedral Fund had balances of \$1,240,791 and \$1,225,030, respectively, which are included in investments in the accompanying statements of financial position.

*With Donor Restrictions* - 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 net assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the statement of activities.

Net assets with donor restrictions also include net assets resulting from contributions whereby the principal has been stipulated 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 equivalents, except for those cash equivalents that are included in the Archdiocese's investment portfolio, which are held for long-term 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 statements of activities in

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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*

Professional standards establish a framework for measuring fair value and expand the disclosures about fair value measurements. U.S. GAAP defines fair value as 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 in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. U.S. GAAP established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability and may affect the valuation of the asset or liability and their placement within the fair value hierarchy. The Archdiocese classifies fair value balances based on the fair value hierarchy defined by U.S. GAAP, as follows:

*Level 1* - This level consists of quoted prices that are available in active markets for identical assets or liabilities as of the measurement date.

*Level 2* - This level consists of 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 includes 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. Bonds securities are priced by the Archdiocese's custodian using nationally recognized pricing services. Bond securities generally do not trade on a daily basis. For these securities, the pricing services prepare estimates of fair value measurements using their proprietary pricing applications, which include available relevant market information, benchmark curves, benchmarking of similar securities, sector groupings and matrix pricing. These investments are classified as Level 2.

*Level 3* - This level consists of 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. Also included in Level 3 are investments measured using a net asset value (NAV) per share, or its equivalent, that can never be redeemed at NAV at the statement of financial position date or in the near term or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

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

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## Notes to Financial Statements

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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.

### *Risks and Uncertainties*

The Archdiocese's investments consist of a variety of investment securities and investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of the Archdiocese's investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

### *Inventory*

Inventory is valued at the lower of cost or market. Such inventory consists primarily of religious books, publications and other program-related literature and materials. During 2018, the Archdiocese recorded a provision for slow-moving inventory of \$119,290, which is presented under education expenses in the accompanying statement of activities for the year ended December 31, 2018. During 2017, the Archdiocese wrote off inventories totaling \$69,210 directly to education expenses in the accompanying statement of activities for the year ended December 31, 2017. There were no inventory write-offs during 2018. As of December 31, 2018 and 2017, the reserve for slow-moving inventory amounted to \$175,000 and \$55,710, respectively, which is presented as a deduction from inventories in the accompanying statements of financial position.

### *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. As of December 31, 2018 and 2017, there were no allowances for doubtful accounts recorded.

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

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### *Fixed Assets, Net*

Land, buildings, building improvements and equipment 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 individually costing \$1,000 or more and has a useful life of more than one year. Depreciation is calculated on a straight-line basis. The estimated useful lives of the assets are as follows:

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Building and improvements	40 years
Furniture, fixtures and equipment	3 to 10 years
Website development cost	5 years
Fine arts	3 years

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### *Impairment of Fixed Assets*

The Archdiocese reviews fixed assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2018 and 2017, there were no such losses.

### *Due to/from Other Related Entities*

Amounts due to/from other related entities represent amounts owed to and or expenses paid on behalf of Archdiocesan affiliates. Loans received from related entities are separately presented as loans payable.

### *Beneficial Interest in Split-Interest Trusts Held by Others*

The Archdiocese is the beneficiary of perpetual trusts whereby the donors contributed assets to third-party trustees. The trustees distribute 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 net assets in the statement of activities based on the existence or absence of donor-imposed restrictions.

The Archdiocese values the trusts at their fair values, which are represented by the percentage ownership of the assets in the trusts. Changes in the fair value of the trusts' assets are reported in the statements of activities within net assets with donor restrictions.

### *Funds Held for Others*

The Archdiocese holds funds, consisting of cash and investments, on behalf of other parties. As these funds can be used or directed by the Archdiocese only in accordance with the other parties' direction, a liability for funds held for others is recorded. The assets and the related liabilities are stated at fair value in the accompanying statements of financial position. Additions, disbursements, investment income (loss) and any unrealized gain or loss on the investments are recognized as increases or decreases in assets and liability and are not reported in the accompanying statements of activities.

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

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### *Grants Payable*

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

### *Total Commitment*

Every parish within the Archdiocese is given an annual financial assessment to help support the mission of the Church. The unpaid total commitment at the end of the year is recorded as a receivable, net of an allowance for doubtful accounts, if required.

The total commitment is determined at the biennial Clergy Laity Congress and for 2019 amounted to approximately \$21,541,000. The amount remained the same as the total commitment in 2018 and 2017.

### *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 reported as an increase in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions.

Contributions not expected to be received within one year are recognized as support with donor restrictions and are discounted using a risk-adjusted discount rate assigned in the year the pledge originates.

The Archdiocese reports gifts of property 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 with donor restrictions. 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.

Donated goods and services used by the Archdiocese are recorded as in-kind contributions at their estimated fair value at the date of receipt. During 2018, the Archdiocese received legal services on a pro bono basis, including services related to St. Nicholas, with an estimated value of \$1,355,823. This amount is presented as in-kind contribution revenue without donor restrictions and is included in St. Nicholas program expense in the accompanying statement of activities for the year ended December 31, 2018. In addition, in 2018, the Archdiocese received significant donated professional services that the donor was not able to provide the fair value of. During 2017, the Archdiocese received legal and other professional services on a pro bono basis, including services related to St. Nicholas. However, the value of such services was not included in the accompanying statement of activities for the year ended December 31, 2017 as the donors were unable to provide the information or the amount was not material.

In 2013, the Archdiocese commenced a capital campaign on behalf of and for the specific purpose of rebuilding St. Nicholas. As St. Nicholas is the specified beneficiary of any contributions received from this campaign, the Archdiocese is accounting for this arrangement as an agency transaction. As such, contributions received resulting from the capital campaign and subsequent disbursements made by the Archdiocese from these funds, are not reflected in the accompanying statements of

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

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activities. Funds collected are recorded as an asset within funds held for others and as a liability for funds held for others in the accompanying statements of financial position. Subsequent disbursements are recorded as a reduction of these assets and liability balances.

Investment return on contributions with donor restrictions are recorded in the net assets without donor restrictions class unless the investment return is explicitly restricted by the donor to be used for the same purpose as the contribution. Contributions that are restricted by donors in perpetuity are recorded as permanently restricted within net assets with donor restrictions. The income is used for operating purposes when expenditures satisfy the donors' restrictions and such amounts are appropriated for expenditure by the Archdiocese. Income amounts that exceed related expenditures during a fiscal period remain as net assets with donor restrictions.

### *Other Revenue*

The Archdiocese generates revenue from programs, including summer camps, 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 year 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 and the schedule of functional expenses in Note 3. These costs can generally be directly identified with the program service to which they relate and are charged accordingly. Indirect expenses have been allocated amongst the programs and supporting services benefited on the basis of the number of employees per department performing more than one function and/or supporting services.

### *Income Taxes*

The Archdiocese follows U.S. GAAP, which requires accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. U.S. GAAP provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more likely than not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Archdiocese is incorporated in the State of New York and is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. The Archdiocese has no unrelated income associated with its exempt purpose. The Archdiocese has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which nexus was established, and to identify and evaluate other matters that may be considered tax positions. The Archdiocese has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

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### *New Accounting Pronouncements Issued but Not Yet Adopted*

#### *Revenue from Contracts with Customers (Topic 606)*

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers (Topic 606)," which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14, which deferred the effective date for the Archdiocese until annual periods beginning after December 15, 2018. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements.

#### *Leases (Topic 842)*

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," to increase transparency and comparability among foundations by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its ROU, the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for the Archdiocese's fiscal years beginning after December 15, 2019, with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements.

#### *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 limit. Management does not believe that a significant risk of loss due to the failure of a financial institution used by the Archdiocese is likely.

#### *Fair Value of Financial Instruments*

The carrying value of cash, cash equivalents, receivables, accounts payable and accrued expenses, loan payable, national commitment payable, due to Direct Archdiocesan District and amounts due to pension plan is a reasonable estimate of their fair value due to their short-term nature. The carrying value of 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.

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

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### *Use of Estimates*

In preparing financial statements in conformity with U.S GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

### *Reclassifications*

Certain 2017 balances have been reclassified to conform with the 2018 financial presentation.

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**Greek Orthodox Archdiocese of America**

**Notes to Financial Statements**

**3. Functional Expenses**

The expenses of the Archdiocese by function and natural expense classification are presented below:

*December 31, 2018*

Expense	Program Services							Supporting Services			Total Program and Supporting Services		
	Education	Metropolis Ministries	Orthodoxy in the World	Communications	Community	St. Nicholas Greek Orthodox Church and National Shrine	Clergy-Laity Congress	Disaster Relief	Total	General and Administrative		Fundraising	Total
Salaries, wages and benefits	\$ 1,861,013	\$ 5,268,313	\$ 517,140	\$ 1,262,527	\$ 1,579,545	\$ 90,142	\$ 2,500	\$ -	\$ 10,581,180	\$ 2,816,935	\$ 110,979	\$ 2,927,914	\$ 13,509,094
Professional fees and other outside services, excluding in-kind services	125,388	-	58,811	54,688	67,442	-	945	-	307,274	935,534	-	935,534	1,242,808
In-kind professional services	-	-	-	-	-	1,355,823	-	-	1,355,823	-	-	-	1,355,823
Contribution to Ecumenical Patriarchate	-	-	1,000,000	-	-	-	-	-	1,000,000	-	-	-	1,000,000
Contribution to Hellenic College	1,000,000	-	-	-	-	-	-	-	1,000,000	-	-	-	1,000,000
Scholarships, grants and other assistance	590,625	2,200	170,200	-	107,288	-	-	333,903	1,204,216	138,463	-	138,463	1,342,679
Transportation, travel, meals and related expenses	1,455,479	18,267	152,714	4,161	55,471	-	707,504	-	2,393,596	188,336	-	188,336	2,581,932
Facilities expense	525,499	2,036	16,807	50,839	73,793	-	-	-	668,974	676,509	-	676,509	1,345,483
Insurance	46,740	753,845	-	-	-	-	-	-	800,585	569,785	-	569,785	1,370,370
Metropolises share of total commitments	-	830,002	-	-	-	-	-	-	830,002	-	-	-	830,002
Metropolis share of net event revenue	-	-	-	-	-	-	258,229	-	258,229	-	-	-	258,229
Books, videos and other educational and religious materials	452,799	-	15,742	269,656	45,253	-	19,201	-	802,651	20,951	-	20,951	823,602
Postage and delivery services	62,190	128	562	293,281	4,424	79	485	-	361,149	20,626	-	20,626	381,775
Dues, fees and subscriptions	69,421	795	3,495	6,969	2,980	-	60,772	-	144,432	110,938	-	110,938	255,370
Equipment and supplies	78,087	389	1,209	602	3,528	39	24,602	-	108,456	40,573	50	40,623	149,079
Interest	-	-	-	-	-	-	-	-	-	183,180	-	183,180	183,180
Other expenses	163,175	6,692	22,217	4,632	13,451	3,682	39,635	-	253,484	36,083	653	36,736	290,220
<b>Total Functional Expenses</b>	<b>\$ 6,430,416</b>	<b>\$ 6,882,667</b>	<b>\$ 1,958,897</b>	<b>\$ 1,947,355</b>	<b>\$ 1,953,175</b>	<b>\$ 1,449,765</b>	<b>\$ 1,113,873</b>	<b>\$ 333,903</b>	<b>\$ 22,070,051</b>	<b>\$ 5,737,913</b>	<b>\$ 111,682</b>	<b>\$ 5,849,595</b>	<b>\$ 27,919,646</b>

*December 31, 2017*

Expense	Program Services							Supporting Services			Total Program and Supporting Services
	Education	Metropolis Ministries	Orthodoxy in the World	Communications	Community	St. Nicholas Greek Orthodox Church and National Shrine	Total	General and Administrative	Fundraising	Total	
Salaries, wages and benefits	\$ 2,334,493	\$ 4,939,831	\$ 801,817	\$ 1,743,254	\$ 2,442,153	\$ 77,250	\$ 12,338,798	\$ 2,330,040	\$ 225,404	\$ 2,555,444	\$ 14,894,242
Professional fees and other outside services	148,880	123,368	132,847	80,390	789,428	-	1,274,913	1,090,974	-	1,090,974	2,365,887
Contribution to Ecumenical Patriarchate	-	-	1,000,000	-	-	-	1,000,000	-	-	-	1,000,000
Contribution to Hellenic College	1,500,000	-	-	-	-	-	1,500,000	-	-	-	1,500,000
Scholarships, grants and other assistance	827,510	96,462	292,016	817	144,000	681,268	2,042,073	224,174	-	224,174	2,266,247
Transportation, travel, meals and related expenses	1,143,077	94,692	115,815	14,443	115,647	4,683	1,488,357	272,966	-	272,966	1,761,323
Facilities expense	1,207,142	291,387	90,323	66,188	161,297	-	1,816,337	791,682	-	791,682	2,608,019
Insurance	37,792	581,213	-	-	-	-	619,005	661,925	-	661,925	1,280,930
Metropolises share of total commitments	-	611,996	-	-	-	-	611,996	-	-	-	611,996
Books, videos and other educational and religious materials	620,611	35,611	30,787	259,914	18,801	-	965,724	19,960	-	19,960	985,684
Postage and delivery services	59,424	587	2,251	249,441	6,274	977	318,954	94,925	-	94,925	413,879
Dues, fees and subscriptions	75,094	33,722	7,172	12,320	12,671	-	140,979	75,929	-	75,929	216,908
Equipment and supplies	52,241	4,758	52,423	2,008	14,860	-	126,290	59,046	-	59,046	185,336
Interest	-	-	-	-	-	-	-	321,744	-	321,744	321,744
Other expenses	309,534	258,412	71,024	14,498	24,250	32,091	709,809	468,506	1,758	470,264	1,180,073
<b>Total Functional Expenses</b>	<b>\$ 8,315,798</b>	<b>\$ 7,072,039</b>	<b>\$ 2,596,475</b>	<b>\$ 2,443,273</b>	<b>\$ 3,729,381</b>	<b>\$ 796,269</b>	<b>\$ 24,953,235</b>	<b>\$ 6,411,871</b>	<b>\$ 227,162</b>	<b>\$ 6,639,033</b>	<b>\$ 31,592,268</b>

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

### 4. Liquidity and Available Resources

The following reflects the Archdiocese's financial assets as of December 31, 2018 and 2017, reduced by amounts not available for general use because of contractual or donor-imposed restrictions. Amounts not available include amounts set aside for long-term investing in the board-designated fund (see Note 2) that could be drawn upon if the governing body of the Archdiocese approves that action. However, appropriations totaling \$238,416 from the Cathedral Fund in 2019 have not been subtracted as unavailable.

<i>December 31,</i>	2018	2017
Financial assets*	\$ 13,214,955	\$ 12,703,390
Less amounts unavailable for general expenditures in the following year:		
Principal and interest on mortgage loan due	(410,918)	-
Contractual or donor-imposed restrictions:		
Restricted by donors with purpose restrictions	(9,192,161)	(8,803,290)
Required by donors to be held in perpetuity**	(2,038,082)	(2,022,237)
Board-designated for the Cathedral Fund	(1,002,375)	(1,225,030)
St. Nicholas funding requirement	-	(3,953,338)
<b>Financial Assets Available to Meet Cash Needs for General Expenditures in the Following Year</b>	<b>\$ 571,419</b>	<b>\$ (3,300,505)</b>

\* Financial assets are total assets less a) inventory, net, b) due from St. Nicholas Greek Orthodox Church and National Shrine, c) due from other related entities, d) fixed assets, net and e) beneficial interest in split-interest trusts, and f) investments held for others of \$2,549,259 in 2018 and \$2,715,820 in 2017.

\*\* Excludes beneficial interest in split-interest arrangements.

The Archdiocese is substantially supported by its parishes throughout the United States. It also derives revenues from ministries, registries and sales of books, materials and other publications. In addition, the Archdiocese receives donor contributions with or without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Archdiocese must maintain sufficient resources to meet those responsibilities to its donors. In the summer of 2017, the Archdiocese executed cost-cutting measures and a plan to replenish funds that were utilized from donor-restricted and custodial accounts to meet its general expenditures in 2017 and prior years. In 2018, the Archdiocese continued those cost cutting measures and entered in lending transactions (see Note 8) that allowed it to replenish all amounts that had been utilized from its donor-restricted and custodial accounts. Further, the Archdiocese's liquidity improved in 2018, such that it was able to meet general expenditures, liabilities and other obligations as they became due. The Archdiocese's financial goals through its budgetary processes include establishing a fund that may be drawn upon in event of financial need or an immediate liquidity need. Additional liquidity is also available through its unused line of credit (see Note 8).

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

### 5. Investments, at Fair Value

Investments, by fair value hierarchy, consisted of the following:

*December 31, 2018*

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,892,372	\$ -	\$ -	\$ 1,892,372
Common stock	2,872,455	-	-	2,872,455
Mutual funds	1,962,841	-	-	1,962,841
Corporate bonds	-	524,335	-	524,335
Municipal bonds	-	2,053,268	-	2,053,268
Auction rate securities	-	50,000	-	50,000
Fixed-income annuity	-	-	84,911	84,911
	<b>\$ 6,727,668</b>	<b>\$ 2,627,603</b>	<b>\$ 84,911</b>	<b>\$ 9,440,182</b>

*December 31, 2017*

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 2,150,594	\$ -	\$ -	\$ 2,150,594
Common stock	3,246,544	-	-	3,246,544
Mutual funds	2,021,352	-	-	2,021,352
Corporate bonds	-	550,343	-	550,343
Municipal bonds	-	1,338,050	-	1,338,050
Auction rate securities	-	99,091	-	99,091
Fixed-income annuity	-	-	93,404	93,404
	<b>\$ 7,418,490</b>	<b>\$ 1,987,484</b>	<b>\$ 93,404</b>	<b>\$ 9,499,378</b>

The following table summarizes the changes in the Archdiocese's Level 3 investments:

<i>December 31,</i>	2018	2017
Balance, beginning of year	\$ 93,404	\$ 92,486
Transferred to money market funds (Level 1)	(9,384)	-
Net appreciation in fair value of investments	891	918
	<b>\$ 84,911</b>	<b>\$ 93,404</b>

The Archdiocese had no financial assets or financial liabilities that were measured at fair value on a non-recurring basis during the years ended December 31, 2018 and 2017. In addition, there were no transfers between levels during the year ended December 31, 2017.

Investment income consisted of the following:

<i>December 31,</i>	2018	2017
Interest and dividends	\$ 153,690	\$ 127,168
Net (depreciation) appreciation in fair value of investments	(130,696)	1,066,766
	<b>\$ 22,994</b>	<b>\$ 1,193,934</b>

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

### 6. Fixed Assets, Net

Fixed assets, net, consisted of the following:

<i>December 31,</i>	2018	2017
Land	\$ 471,223	\$ 471,223
Building and improvements	8,469,897	8,264,617
Furniture, fixtures and equipment	2,589,647	2,581,295
Website development costs	464,263	464,263
Fine arts	10,185	10,185
	12,005,215	11,791,583
Less: accumulated depreciation	(6,607,552)	(6,364,335)
	\$ 5,397,663	\$ 5,427,248

Depreciation expense amounted to \$243,217 and \$267,839 for the years ended December 31, 2018 and 2017, respectively. Losses on disposal of fixed assets amounted to \$285,643 in 2017, which were included in general and administrative expenses in the accompanying statement of activities for the year ended December 31, 2017. There were no disposals of fixed assets in 2018.

### 7. Investments Held for Others and Related Liability

Investments held for others, by fair value hierarchy, consisted of the following:

<i>December 31, 2018</i>	Level 1	Level 2	Level 3	Total
Money market funds	\$ 158,061	\$ -	\$ -	158,061
Treasury bills	349,979	-	-	349,979
Common stock	1,203,117	-	-	1,203,117
Mutual funds	497,305	-	-	497,305
Corporate bonds	-	9,977	-	9,977
Municipal bonds	-	205,328	-	205,328
Auction rate securities	-	50,000	-	50,000
	2,208,462	265,305	-	2,473,767
Cash held for investments for St. Nicholas Greek Orthodox Church and National Shrine				75,492
				\$ 2,549,259

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

*December 31, 2017*

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 293,373	\$ -	\$ -	\$ 293,373
Treasury bills	268,215	-	-	268,215
Common stock	1,292,961	-	-	1,292,961
Mutual funds	633,635	-	-	633,635
Corporate bonds	-	32,003	-	32,003
Municipal bonds	-	96,542	-	96,542
Auction rate securities	-	99,091	-	99,091
	2,488,184	227,636	-	2,715,820
Cash held for investments for St. Nicholas Greek Orthodox Church and National Shrine				446,708
				<u>\$ 3,162,528</u>

The activity in the liability funds held for others are presented in the following table.

*December 31, 2018*

	Balance January 1, 2018	Additions	Net Investment Income (Loss)	Payments	Balance December 31, 2018
Archbishop Iakovos Library Trust	\$ 1,106,372	\$ -	\$ (13,903)	\$ (50,000)	\$ 1,042,469
St. Basil Spyropoulos Fund	945,153	101	(22,593)	-	922,661
Spyridon Trust IM	664,295	-	(38,158)	(117,500)	508,637
St. Nicholas Greek Orthodox Church and National Shrine	3,953,338	3,936,880	94	(7,814,820)	75,492
	\$ 6,669,158	\$ 3,936,981	\$ (74,560)	\$ (7,982,320)	\$ 2,549,259

*December 31, 2017*

	Balance January 1, 2017	Additions	Net Investment Income (Loss)	Payments	Balance December 31, 2017
Archbishop Iakovos Library Trust	\$ 1,003,499	\$ -	\$ 152,873	\$ (50,000)	\$ 1,106,372
St. Basil Spyropoulos Fund	810,593	-	134,560	-	945,153
Orthodox Health Plan Dividend Fund	851,775	-	(453)	(851,322)	-
Spyridon Trust IM	606,265	75,000	100,530	(117,500)	664,295
St. Nicholas Greek Orthodox Church and National Shrine	4,551,757	5,619,593	-	(6,218,012)	3,953,338
	\$ 7,823,889	\$ 5,694,593	\$ 387,510	\$ (7,236,834)	\$ 6,669,158

Contributions received by Archdiocese for which St. Nicholas is the beneficiary and the subsequent disbursements made by the Archdiocese from these funds, are accounted for as agency transactions. Funds collected are recorded as an asset within funds held for others and as a liability for funds held for others in the accompanying statements of financial position. Subsequent disbursements are recorded as a reduction of these assets and liability balances. Contributions received totaled approximately \$1.1 million in 2018 and \$5.6 million in 2017.

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

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As of December 31, 2017, the liability for funds held for others exceeded the related assets by \$3,506,630, representing the cumulative amount owed by the Archdiocese to St. Nicholas as a result of the utilization of the custodial funds through that date. During 2018, the Archdiocese repaid this amount from a portion of the loan proceeds. In addition, the Archdiocese advanced approximately \$2.8 million to St. Nicholas.

### 8. Debt

#### *Line of Credit Loan Payable*

On June 28, 2018, a local bank (the Lender) extended the Archdiocese a variable rate revolving line of credit (LOC) in the amount \$3.0 million. Loans drawn under the LOC bear interest based on the highest published prime rate in the money tables of the Wall Street Journal, which in no event shall be lower than 4.75% a year. The Archdiocese borrowed \$2.0 million from the LOC (the LOC loan) with interest rate of 5.5% on June 28, 2018. The \$2.0 million was fully paid in 2019. The LOC's expiration date, which was originally set for July 1, 2019, has been extended by the Lender to October 1, 2019.

#### *Mortgage Loan Payable*

In addition to the LOC, the Archdiocese obtained from a mortgage loan from the Lender in the amount of \$5.5 million (the Mortgage Loan). The Mortgage Loan bears interest at 4.25% a year and is payable in monthly installments of \$34,243 commencing August 1, 2018 through June 1, 2023. The Mortgage Loan is based on 20-year amortization period and a lump-sum payment of the loan balance on July 1, 2023 (the Maturity Date), together with any accrued interest. The Maturity Date may be extended to July 1, 2028 at the option of the Archdiocese (the Extension Option). If the Archdiocese exercises the Extension Option, the Archdiocese will make the 60<sup>th</sup> monthly payment of \$34,243 on July 1, 2023. Thereafter, the remaining balance of the Mortgage loan shall be payable in monthly installments, commencing August 1, 2023, to be determined based on a 15-year amortization period at an interest rate calculated based on the five-year Federal Home Loan Bank of New York (FHLBNY), which in no event shall be lower than 4.25% a year. The balance of the Mortgage Loan on July 1, 2028, together with any accrued interest, shall be due in one lump-sum on that date.

The Mortgage Loan is collateralized primarily by the properties of the Archdiocese located on 79th Street, New York, New York, including improvements thereon and other chattels as defined in the mortgage and security agreement dated June 28, 2018. Costs incurred in connection with acquisition of the Mortgage loan totaled \$212,076 and are being amortized over the term of the Mortgage loan using the interest method.

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

The carrying balances of the debt and related unamortized financing costs are as follows:

*December 31, 2018*

	Loan Principal	Financing Costs	Net
Mortgage loan:			
Original amount	\$ 5,500,000	\$ (212,076)	\$ 5,287,924
Principal payments	(72,385)	-	(72,385)
Amortization of financing costs	-	9,260	9,260
	5,427,615	(202,816)	5,224,799
LOC loan	2,000,000	-	2,000,000
	\$ 7,427,615	\$ (202,816)	\$ 7,224,799

The annual debt service on the Mortgage Loan for the next five years and thereafter are as follows:

Based on the maturity date of July 1, 2023

<i>Year ending December 31,</i>	Principal	Interest	Total
2019	\$ 180,590	\$ 230,328	\$ 410,918
2020	187,891	223,027	410,918
2021	196,785	214,133	410,918
2022	205,434	205,484	410,918
2023	4,656,915	115,227	4,772,142
	\$ 5,427,615	\$ 988,199	\$ 6,415,814

Based on the optional extended maturity date of July 1, 2028, at an interest rate of 4.25% a year

<i>Year ending December 31,</i>	Principal	Interest	Total
2019	\$ 180,590	\$ 230,328	\$ 410,918
2020	187,891	223,027	410,918
2021	196,785	214,133	410,918
2022	205,434	205,484	410,918
2023	214,464	196,454	410,918
Thereafter	4,442,451	773,971	5,216,422
	\$ 5,427,615	\$ 1,843,397	\$ 7,271,012

Interest expense on the loans, including amortization of financing costs, during 2018 totaled \$183,180, which are included in general and administrative expenses in the accompanying statement of activities for the year ended December 31, 2018.

Accrued interest at December 31, 2018 totaled \$28,907, which is included in accounts payable and accrued expenses in the accompanying statements of financial position.

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

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### 9. Employee Benefit Plans

#### *Pension Plans*

The Archdiocese participates in a defined benefit pension plan (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. Pension 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. Participants may elect to make contributions in an amount equal to 3.5%, 5.0% or, effective January 1, 2018, 6.5% of earnings in accordance with the rules established by the Archdiocese Benefits Committee.

The Pension 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. As of December 31, 2017, the latest date for which for an actuarial valuation for funding purposes is available, the fair value of the Pension Plan's assets approximated \$61,794,000 and the actuarial present value of its accumulated plan benefits approximated \$112,417,000. Due to the nature of the Pension Plan, as a multi-employer plan covering the clergy and lay employees of the Archdiocese, parishes and the institutions of the Archdiocese, it is not practicable to determine the extent to which the assets of the plan cover the actuarially computed value of accumulated plan benefits vested benefits for the Archdiocese, on a standalone basis. Because the Pension Plan is considered a multi-employer plan, it is only subject to certain minimum reporting requirements. For further information, refer to the audited financial statements of the Pension Plan for the year ended December 31, 2016, the latest date for which audited financial information is available.

Pension expense allocated to the Archdiocese for the years ended December 31, 2018 and 2017 amounted to \$711,100 and \$806,000, respectively and is allocated among programs and general and administrative expenses in the accompanying statements of activities and schedules of functional expenses in Note 3. As of December 31, 2018, there was no amount due to the Pension Plan. As of December 31, 2017, the amounts due to the Pension Plan totaled \$617,774.

The Archdiocese also sponsors a noncontributory 403(b) defined contribution plan for all employees. For the years ended December 31, 2018 and 2017, there were no employer contributions to the 403(b) defined contribution plan.

#### *Other Retirement Benefits*

The Archdiocese also provides supplemental retirement benefits to certain hierarchs outside of the plan described above. A liability is calculated only for the hierarchs who have made known that they will avail themselves of retirement benefits. As of December 31, 2018 and 2017, the Archdiocese has recorded liabilities of \$2,136,215 and \$1,270,463, respectively, which are presented as other postretirement benefits obligations in the accompanying statements of financial position. Of these amounts, \$984,200 represents the provision for 2018 and \$114,000 represents the provision for 2017, which are included in general and administrative expense in the accompanying statements of activities and schedules of functional expenses in Note 3. The provision for 2018 includes an accrual for supplemental retirement benefits for hierarchs who retired in 2019.

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

### 10. Net Assets with Donor Restrictions

Restricted net assets with donor restrictions consisted of the following:

<i>December 31,</i>	2018	2017
<b>With purpose restrictions:</b>		
Taylor Scholarship Fund	\$ 1,608,871	\$ 1,753,131
Katina Malta Scholarship Fund	1,140,223	1,042,514
Gioles Scholarship Fund	158,289	191,624
James J. Tembelis Scholarship	493,449	537,563
St. John Chrysostom Fund	52,484	56,031
Paleologos Scholarship Fund	696,540	459,409
Trakatellis Fellowship Fund	141,880	160,479
Irene Ladas Scholarship for Seminaries	66,250	71,750
Clergy Initiative Project	740,735	1,004,712
Other scholarships and educational programs	1,234,522	1,010,159
Disaster and emergency relief assistance	656,101	649,795
Orthodoxy in the World	571,376	651,072
Community services	1,472,421	1,017,187
Various other programs	159,020	197,864
<b>With Donor Restrictions - Purpose Restricted (Temporary)</b>	<b>9,192,161</b>	<b>8,803,290</b>
<b>Original donor-restricted endowment gift amounts and amounts required to be retained by donors in perpetuity:</b>		
Taylor Scholarship Fund	1,000,000	1,000,000
James J. Tembelis Scholarship Fund	517,808	515,989
Beneficial interest in George Marinos perpetual trust	330,502	368,036
Beneficial interest in Demetrios Anagnos charitable trust	210,124	233,188
Gioles Scholarship Fund*	257,855	254,509
Katina Malta Scholarship Fund*	111,119	100,688
Vlisidis Scholarship Fund	39,011	38,762
Other scholarships and educational programs	112,289	112,289
<b>With Donor Restrictions - In Perpetuity (Permanent)</b>	<b>2,578,708</b>	<b>2,623,461</b>
<b>Total with Donor Restrictions</b>	<b>\$ 11,770,869</b>	<b>\$ 11,426,751</b>

\* 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 the annual net income shall become permanently restricted and added to the corpus of the scholarship fund.

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

### 11. Net Assets Released from Restrictions

Net assets with donor restrictions were released from restrictions by either incurring expenses or satisfying the restricted purpose, as follows:

<i>December 31,</i>	2018	2017
Taylor Scholarship Fund	\$ 154,200	\$ 172,775
Katina Malta Scholarship Fund	46,750	36,000
Gioles Scholarship Fund	18,500	14,500
James J. Tembelis Scholarship Fund	14,750	14,250
St. John Chrysostom Fund	17,030	14,060
Paleologos Scholarship Fund	30,000	47,000
Trakatellis Fellowship Fund	18,600	10,000
Irene Ladas Scholarship for Seminaries	5,500	12,750
Other scholarships and educational programs	1,022,035	1,033,720
Orthodoxy in the World	554,097	890,790
Community services	81,866	977,506
Clergy Initiative Project	263,976	29,878
Clergy Laity Congress	419,250	-
Disaster relief	333,903	-
Ionian Village renovations	25,000	177,140
Other programs	211,071	360,357
	<b>\$ 3,216,528</b>	<b>\$ 3,790,726</b>

### 12. Endowment

The Archdiocese endowment funds consist of a board-designated fund and donor-restricted funds.

#### *Board-Designated Fund (the Cathedral Fund)*

The Cathedral Fund was designated to be used, upon approval, for the benefit of the Greek Orthodox Archdiocesan Cathedral of the Holy Trinity and Cathedral related projects. The following table summarizes the activity in the Cathedral Fund:

<i>December 31,</i>	2018	2017
<b>Balance, beginning of year</b>	<b>\$ 1,225,030</b>	<b>\$ 1,214,772</b>
Investment return:		
Interest and dividends, net	23,446	18,211
Net depreciation in fair value of investments	(7,685)	(7,953)
<b>Balance, end of year</b>	<b>\$ 1,240,791</b>	<b>\$ 1,225,030</b>

In 2019, the Archdiocese approved appropriations totaling \$238,416 from the Cathedral Fund.

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

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### *Donor-Restricted Endowment Funds*

The Archdiocese's donor-restricted (gifted) endowment consists of five individuals' funds established for a variety of purposes, principally in support of the Archdiocese's mission. It excludes beneficial interests in split-interest trusts held by others, which are required to be held by third-party trustees. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

On September 17, 2010, New York State passed the New York State Prudent Management of Institutional Funds Act (NYPMIFA), its version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). All not-for-profit organizations formed in New York must apply this law. The Archdiocese classifies donor-restricted endowment funds as net assets with donor restrictions, unless otherwise stipulated by the donor: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) income accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift.

The remaining portion of the donor-restricted endowment fund not classified as held in perpetuity is classified as net assets with purpose and or time-restriction, until such 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 NYPMIFA.

In accordance with NYPMIFA, the Archdiocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the purpose, duration, and preservation of the endowment fund; expected total return of investments; general economic conditions; the possible effects of inflation and deflation; other resources of the Archdiocese; and the investment policy of the Archdiocese.

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.

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

The following represents a detail of the donor-restricted endowment net asset composition, excluding third-party split-interest trusts:

*December 31, 2018*

	With Purpose Restrictions	To Be Held in Perpetuity	Total
<b>Composition of Endowment Net Assets by Type of Fund</b>			
Donor-restricted endowment funds	\$ 2,621,858	\$ 2,038,083	\$ 4,659,941
<b>Change in Endowment Net Assets</b>			
Endowment net assets, beginning of year	\$ 2,828,427	\$ 2,022,237	\$ 4,850,664
Investment return:			
Interest and dividends, net	49,363	6,441	55,804
Net (depreciation) appreciation	(92,019)	9,405	(82,614)
Appropriation of endowment assets for expenditure	(163,913)	-	(163,913)
<b>Endowment Net Assets, end of year</b>	<b>\$ 2,621,858</b>	<b>\$ 2,038,083</b>	<b>\$ 4,659,941</b>

*December 31, 2017*

	With Purpose Restrictions	To Be Held in Perpetuity	Total
<b>Composition of Endowment Net Assets by Type of Fund</b>			
Donor-restricted endowment funds	\$ 2,828,427	\$ 2,022,237	\$ 4,850,664
<b>Change in Endowment Net Assets</b>			
Endowment net assets, beginning of year	\$ 2,210,889	\$ 2,015,757	\$ 4,226,646
Investment return:			
Interest and dividends, net	51,334	7,893	59,227
Net appreciation (depreciation)	594,954	(1,413)	593,541
Appropriation of endowment assets for expenditure	(28,750)	-	(28,750)
<b>Endowment Net Assets, end of year</b>	<b>\$ 2,828,427</b>	<b>\$ 2,022,237</b>	<b>\$ 4,850,664</b>

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# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

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### 13. Related-Party Transactions

#### *Due from (to) Related Entities*

At December 31, 2018 and 2017, amounts due from (to) related entities were comprised of the following:

<i>December 31,</i>	2018	2017
Due from (to) St. Nicholas Greek Orthodox Church and National Shrine (a)	\$ 2,848,750	\$ (1,003,012)
Due to DAD (b)	-	(220,869)
Due from other related entities (c)	117,696	217,724
Due to another related entity (c)	(55,263)	-

(a) In 2018, the Archdiocese advanced \$2,848,750 to St. Nicholas Greek Orthodox Church and National Shrine for construction costs. The terms of repayment will be determined based on the results of on-going fundraising by the Friends of St. Nicholas and other considerations associated with the completion of the construction. The amount due to St. Nicholas in 2017 consisted of interest of \$321,744 on custodial funds used by the Archdiocese in prior years and a contribution of \$681,268. These amounts were fully paid in 2018.

The custodial funds owed to St. Nicholas in prior years, which amounted to \$3,506,630 at December 31, 2017, are included in Liability for Funds Held for Others (Note 7). These amounts were repaid in 2018.

(b) At December 31, 2017, there was a remaining balance related to the contribution of net assets to DAD of \$220,869, which was fully paid in 2018.

(c) The Archdiocese regularly advances the salaries and benefits of certain employees of certain related entities and is reimbursed for such amounts in the following year. Receivables for such advances totaled \$117,696 and \$217,724 at December 31, 2018 and 2017, respectively. In 2018, one entity had prepaid its salary and benefits reimbursements which totaled \$55,263 at December 31, 2018.

#### *Loans Payable to Related Entities*

During 2017, the Archdiocese received short-term, non-interest-bearing loans of \$250,000 from St. Michael's Home, Inc. and \$235,000 from the DAD, as reflected in the accompanying statement of financial position as of December 31, 2017. These loans were paid in 2018.

#### *Grants Payable*

The Archdiocese provided grants of \$1,000,000 and \$1,500,000 to support the operations of Hellenic College in 2018 and 2017, respectively, and such amounts are included as part of education expense in the accompanying statements of activities. The 2018 grant was fully paid as of December 31, 2018. Of the 2017 grant, \$500,000 was paid in 2017 and \$1,000,000 was paid in 2018, which was included within grants payable in the accompanying statement of financial position as of December 31, 2017.

# Greek Orthodox Archdiocese of America

## Notes to Financial Statements

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The Archdiocese provided grants of \$1,000,000 each year to support the operations of the Ecumenical Patriarchate in 2018 and 2017 and such amounts are included as part of Orthodoxy in the World expense in the accompanying statements of activities. The 2018 grant was fully paid as of December 31, 2018. Of the 2017 grant, \$750,000 was paid in 2017 and \$250,000 was paid in 2018, which was included within grants payable in the accompanying statement of financial position as of December 31, 2017.

### *Contributions from Related Entities*

During 2018, the Archdiocese received \$1,219,463 and \$112,200 of grants from Leadership 100 and FAITH, respectively. During 2017, the Archdiocese received \$1,094,420 and \$164,000 of grants from Leadership 100 and FAITH, respectively. Such grants were recorded as increases to net assets with donor restrictions to benefit specific programs of the Archdiocese as stipulated by the governing boards of the respective affiliates.

Additionally, certain contributions received by the Archdiocese are from members of management and the Archdiocesan Council.

### **14. Contingencies**

The Archdiocese, in the normal course of its operations, is a party to various legal proceedings and complaints, some of which are covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management of the Archdiocese is not aware of any claims or contingencies, which are not covered by insurance, that would have a material adverse effect on the Archdiocese's financial position, changes in net assets or cash flows.

### **15. Subsequent Events**

The Archdiocese evaluated its December 31, 2018 financial statements for subsequent events through July 17, 2019, the date the financial statements were available to be issued. Except for the matter described in the following paragraph, the Archdiocese is not aware of any material subsequent events that would require recognition or disclosure in the accompanying financial statements.

The LOC loan of \$2,000,000 described in Note 8 was fully paid in 2019. The LOC's expiration date, which was originally set for July 1, 2019, has been extended by the Lender to October 1, 2019.