

**GREEK ORTHODOX METROPOLIS OF
CHICAGO**

**REPORT FOR THE YEARS ENDED
DECEMBER 31, 2017,
2016 AND 2015**



GREEK ORTHODOX METROPOLIS OF CHICAGO
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Greek Orthodox Metropolis of Chicago

We were engaged to audit the accompanying financial statements of the Greek Orthodox Metropolis of Chicago (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets - modified cash basis as of December 31, 2017, 2016 and 2015, and the related statements of revenues, expenses, and changes in net assets - modified cash basis and functional expenses - modified cash basis 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 the modified cash basis of accounting as described in Note 3; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with U.S. generally accepted auditing standards. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The Greek Orthodox Metropolis of Chicago has not maintained adequate accounting records and supporting data as described in Note 4, therefore we were not able to obtain sufficient appropriate audit evidence supporting the amounts recorded in the accompanying financial statements.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements referred to in the first paragraph.



Basis of Accounting

We draw attention to Note 3 in the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles.

Michael Silver & Company, LLC

Certified Public Accountants

Skokie, Illinois
August 2, 2019

GREEK ORTHODOX METROPOLIS OF CHICAGO
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS -
MODIFIED CASH BASIS
DECEMBER 31

	2017	2016	2015
ASSETS			
Cash and cash equivalents	\$ 362,069	\$ 549,620	\$ 770,474
Investments	24,939	23,255	23,161
Due from St. Iakovos Retreat Center	372,705	372,705	372,705
Due from Greek Orthodox Archdiocese of America	150,835	-	-
Other assets	3,301	8,225	8,306
Net property and equipment	<u>4,137,122</u>	<u>4,290,621</u>	<u>4,444,119</u>
TOTAL ASSETS	<u>\$ 5,050,971</u>	<u>\$ 5,244,426</u>	<u>\$ 5,618,765</u>
LIABILITIES AND NET ASSETS			
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS AND TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,050,971</u>	<u>\$ 5,244,426</u>	<u>\$ 5,618,765</u>

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

GREEK ORTHODOX METROPOLIS OF CHICAGO
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31,

	Without Donor Restrictions		
	2017	2016	2015
Revenues And Support			
Allocations from Archdiocese			
Direct payments	\$ 583,640	\$ 635,278	\$ 640,004
Commitments	193,663	68,197	185,880
Contributions	98,619	118,455	89,554
Program revenue	730,801	655,819	319,736
Investment income, net	3,265	1,723	299
Total revenues and support	1,609,988	1,479,472	1,235,473
Expenses			
Program services	809,198	696,543	334,495
Supporting services			
Management and general	994,245	1,157,268	1,079,063
Total expenses	1,803,443	1,853,811	1,413,558
Changes in Net Assets	(193,455)	(374,339)	(178,085)
Net Assets - Beginning Of Year	5,244,426	5,618,765	5,796,850
Net Assets - End Of Year	\$ 5,050,971	\$ 5,244,426	\$ 5,618,765

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

GREEK ORTHODOX METROPOLIS OF CHICAGO
STATEMENTS OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31,

	2017			2016			2015		
	Program Services	Management and General	Total	Program Services	Management and General	Total	Program Services	Management and General	Total
Advertising and promotion	\$ 30,347	\$ 59,737	\$ 90,084	\$ 30,456	\$ 90,376	\$ 120,832	\$ 37,851	\$ 5,395	\$ 43,246
Computer	-	3,378	3,378	-	-	-	-	-	-
Depreciation	-	153,499	153,499	-	153,498	153,498	-	153,498	153,498
Interest	-	615	615	-	-	-	-	-	-
Office	30,078	59,042	89,120	28,729	76,355	105,084	12,500	55,633	68,133
Repairs and maintenance	-	15,130	15,130	-	19,357	19,357	-	8,166	8,166
Travel and entertainment	-	81,493	81,493	-	82,763	82,763	-	88,368	88,368
Salaries, benefits and Insurance - direct	-	583,640	583,640	-	635,278	635,278	-	640,004	640,004
Utilities	-	28,299	28,299	-	32,620	32,620	-	46,448	46,448
Professional services	-	3,294	3,294	-	15,859	15,859	-	33,650	33,650
Insurance	-	(30,636)	(30,636)	-	5,798	5,798	-	34,037	34,037
Education, training, and Hellenic culture	162,732	-	162,732	162,404	-	162,404	59,598	-	59,598
Scholarships	45,344	-	45,344	29,745	-	29,745	24,850	-	24,850
Bank fees	-	1,366	1,366	-	1,472	1,472	-	1,107	1,107
Other	79,241	35,388	114,629	46,223	43,892	90,115	14,008	12,757	26,765
Broadcast ministry	34,715	-	34,715	34,230	-	34,230	20,370	-	20,370
Martha and Mary House	94,399	-	94,399	93,083	-	93,083	17,159	-	17,159
Youth and young adult ministries	332,342	-	332,342	271,673	-	271,673	59,948	-	59,948
Benefit concert	-	-	-	-	-	-	88,211	-	88,211
Total	\$ 809,198	\$ 994,245	\$ 1,803,443	\$ 696,543	\$ 1,157,268	\$ 1,853,811	\$ 334,495	\$ 1,079,063	\$ 1,413,558

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

GREEK ORTHODOX METROPOLIS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017, 2016 AND 2015

1 - Nature Of The Organization

The Greek Orthodox Metropolis of Chicago (Metropolis), a not-for-profit corporation established under the laws of Illinois, operates as a religious organization.

The Metropolis is an ecclesiastical see of the Greek Orthodox Archdiocese of America (Archdiocese), which is the Eparchy of the Ecumenical Throne in the U.S. that serves as the administrative body of the Greek Orthodox Church in the U.S. The Metropolis serves the Greek Orthodox community and 58 parishes in the Midwestern U.S. and performs all the functions of a metropolis as set forth in the Regulations of the Greek Orthodox Archdiocese of America. The parishes are supported through contributions from their members and through other donations. The Metropolis is supported primarily through allocations from the Archdiocese that come from the parishes and through voluntary contributions from parishes, parishioners and other donors.

2 - Affiliated Organizations

The Metropolis is affiliated with but does not have a controlling financial interest in the parishes and certain monasteries within its ecclesiastical jurisdiction.

The Metropolis is also affiliated with and has control over the St. Iakovos Retreat Center (Center) which operates as an integrated auxiliary of the Metropolis. The financial statements of the Center are not combined with those of the Metropolis, which would be required under U.S. generally accepted accounting principles.

In addition to providing support from various parishes, the Archdiocese acts as a paymaster for the Metropolis and manages its payroll and benefits. It has also granted property to the Metropolis as described in Note 9.

3 - Summary Of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles. Under that basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. That basis differs from U.S. generally accepted accounting principles primarily because the Metropolis has not recognized receivables for user contracts, grants, or contributions; accounts payable to vendors or accrued expenses; or the related effects on the changes in net assets.

The Metropolis has elected to implement the provisions of ASU 2016-14. Accordingly, the Metropolis has changed the presentation of net assets from unrestricted, temporarily restricted and permanently restricted to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, statements of functional expenses - modified cash basis and liquidity information is presented in accordance with the ASU.

GREEK ORTHODOX METROPOLIS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017, 2016 AND 2015

The preparation of financial statements in accordance with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents include monies held in checking, savings, money market accounts, and certificates of deposit with a maturity of three months or less.

Investments are stated at fair value. In accordance with the policy of stating investments at fair value, net unrealized appreciation or depreciation is reflected in the statements of revenues, expenses, and changes in net assets - modified cash basis.

Property and equipment are stated at cost or, if acquired by gift, at the estimated fair value at the date of the gift. Significant acquisitions of property, equipment and improvements are capitalized and repair costs are charged to expense as incurred. The cost of assets sold, retired or abandoned and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in earnings. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Revenues and support are recorded when received as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Donor restricted contributions whose restrictions are met in the same reporting period as received are reported as net assets without donor restrictions. All revenues and support were recorded as net assets without donor restrictions for the years ended December 31, 2017, 2016 and 2015.

Expenses which are easily and directly associated with a particular program or supporting service are allocated directly to that functional category. Other indirect expenses are allocated between program and supporting services on a reasonable basis that is consistently applied. The expenses that are allocated include advertising and promotion, office expense and other administrative expenses which are allocated based on staff time and other estimates.

Donated services are contributed to the Metropolis by various individuals to support the programs and supporting services. The value of non-specialized services are not reflected in the financial statements since the volunteer's time does not meet the criteria for recognition. In addition, specialized services are not reflected in the financial statements since they are prepared in accordance with the modified cash basis of accounting.

Management has evaluated subsequent events through August 2, 2019, the date when the financial statements were available to be issued.

GREEK ORTHODOX METROPOLIS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017, 2016 AND 2015

4 - Basis For Disclaimer Of Opinion

The Metropolis has not maintained adequate accounting records and supporting data for the years ended December 31, 2017, 2016 and 2015, therefore the auditors were not able to obtain sufficient appropriate audit evidence and did not express an opinion on these financial statements. The inadequate accounting records and supporting data are described in the paragraphs below.

An initial audit includes procedures to substantiate beginning asset and liability balances. The auditors discovered that there were five checking, money market and/or investment accounts totaling approximately \$160,000 that were not reflected in the accounting records as of December 31, 2014. These balances were added to the accounting records in 2015 and are reflected in these financial statements.

As described in Note 9, the Archdiocese granted the building and land in Chicago to the Metropolis in October 2012. Documentation supporting the \$4,904,613 capitalized value of the land, building, improvements, furniture and equipment could not be located.

The auditors selected approximately \$1,800,000 of cash receipts and \$1,800,000 of cash disbursements from the banking records for the years ended December 31, 2017, 2016 and 2015 for testing. Approximately 71% of selected cash receipts could not be substantiated due to lack of supporting documentation such as copies of acknowledgement letters, copies of receipts provided to the payer, letters of instruction accompanying payments received, or other documentation indicating the nature of the cash receipt. Approximately 95% of selected cash disbursements could not be substantiated due to lack of supporting documentation such as receipts, invoices, statements or other documentation indicating the nature of the cash disbursement. In addition, cash receipts and disbursements were not maintained in the accounting records based on donor restrictions, therefore all revenue, support and expenses have been reflected without donor restrictions in these financial statements.

The Metropolis has not established an accounting policy for collections of works of art, historical treasures and similar items and has not maintained documentation of such items, therefore the auditors could not perform any audit procedures related to collections of the Metropolis.

Detailed accounting records were not maintained that would allow for allocation of certain expenses among management and general expenses and program services expenses. Such allocable expenses, which may include salaries and benefits, travel and entertainment, insurance and utilities, have been reflected entirely as management and general expenses in these financial statements.

5 - Concentration Of Credit Risk

The Metropolis maintains cash accounts at various financial institutions and has credit risk for balances in excess of federally insured limits.

GREEK ORTHODOX METROPOLIS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017, 2016 AND 2015

6 - Due From Affiliated Organizations

Due from St. Iakovos Retreat Center represents amounts advanced in 2006 to fund the initial purchase of land and buildings of the Center and is non-interest bearing.

At December 31, 2017, the Metropolis was owed \$150,835 from the Archdiocese, which is comprised of all amounts received from the parishes in the Metropolis by the Archdiocese over the expenses that are allocated to the Metropolis. During the years ended December 31, 2017, 2016 and 2015, respectively, \$193,663, \$68,197 and \$185,880 was recognized as revenue due to these allocations.

7 - Investments

The Metropolis' investment consists of mutual funds recorded at fair value as summarized below. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted market prices for identical assets; and Level 3 inputs are unobservable and have the lowest priority.

Level 1 Fair Value Measurements

The fair value of investments is based on quoted net asset values of the shares held at the end of the reporting period.

Investments are reported at fair value in the accompanying statements of assets, liabilities, and net assets - modified cash basis. Fair value is measured using quoted prices in active markets for identical assets (Level 1) as follows at December 31,

	2017	2016	2015
Mutual Funds	\$ 24,939	\$ 23,255	\$ 23,161
Total investments	\$ 24,939	\$ 23,255	\$ 23,161

Income (loss) from investments consisted of the following for the years ended December 31,

	2017	2016	2015
Interest and dividends	\$ 1,487	\$ 1,470	\$ 611
Investment expenses	(50)	(40)	(74)
Net realized and unrealized gains (losses)	1,685	94	(983)
Total	\$ 3,122	\$ 1,524	\$ (446)

GREEK ORTHODOX METROPOLIS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017, 2016 AND 2015

8 - Liquidity and Availability of Financial Assets

The Metropolis has financial assets available within one year of the balance sheet date to meet cash needs for general expenditures as follows:

	2017	2016	2015
Financial assets at December 31	<u>\$ 387,008</u>	<u>\$ 572,875</u>	<u>\$ 793,635</u>

The financial assets are not subject to donor or other contractual restrictions that would make them unavailable for general expenditures within one year of the balance sheet dates. The Metropolis regularly monitors liquidity required to meet its operating needs and other contractual commitments. The financial assets maintained by the Metropolis are held in checking and brokerage accounts.

9 - Property And Equipment

Property and equipment consisted of the following at December 31:

	2017	2016	2015
Land and land improvements	\$ 1,485,000	\$ 1,485,000	\$ 1,485,000
Buildings	2,858,118	2,858,118	2,858,118
Furniture and equipment	<u>561,495</u>	<u>561,495</u>	<u>561,495</u>
	4,904,613	4,904,613	4,904,613
Less: accumulated depreciation	<u>767,491</u>	<u>613,992</u>	<u>460,494</u>
Net property and equipment	<u>\$ 4,137,122</u>	<u>\$ 4,290,621</u>	<u>\$ 4,444,119</u>

Depreciation expense was \$153,499 for the year ended December 31, 2017, and \$153,498 for each of the years ended December 31, 2016 and 2015.

In October 2012, the Archdiocese granted the building and land in Chicago to the Metropolis through a quit claim deed. The deed was entered into public record in August 2013. The grant is subject to certain requirements including that the Metropolis must remain in canonical order. If it is determined not to be in canonical order without resolution, the property will vest into an ecclesiastical corporation to be managed by a council chosen by the Archdiocese.

10 - Program Services

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

Education - The Metropolis promotes and supports programs that enhance religious and Greek education by sponsoring events, workshops, retreats, webinars and a religious education YouTube channel.

GREEK ORTHODOX METROPOLIS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017, 2016 AND 2015

Registry - The Metropolis maintains all registry documents for parishioners within the Metropolis, including, baptismal, marriage, death and divorce certificates.

Youth and Young Adult Ministries - These ministries provide opportunities for faith, fellowship, service and athletics for the youth and young adults of the Metropolis. Programs include the Junior Olympics which are held annually over the Memorial Day weekend and encourage athletic competition and fellowship. Over 35 parishes participate in this program and more than 2,000 youngsters participate each year. Other programs include a fall and winter basketball league and various religious and social events.

Oratorical Festival - This program provides Greek Orthodox teenagers from within the Metropolis the opportunity to write and talk about their faith through an annual competition. The Festival is an annual event with categories in speech, essay, poetry, iconography and vocal solo.

Fanari Camp - The Metropolis' youth camping ministry is set in the beautiful St. Iakovos Retreat Center in Kansasville, Wisconsin. Fanari offers the youth of the Metropolis entering their 6th grade school year through their 11th grade school year the ability to share their common faith and heritage through its many programs. Thousands of young people have attended the camp throughout the years, often attending all six years as campers and then serving as staff members. Hundreds of young adults have donated their time to serve as counselors and mentors to our campers since the beginning of this ministry.

Family Synaxis - This ministry is for married or engaged couples and families with school-aged children. Through social activities, guest speakers and discussions, the program seeks to nourish couples and families spiritually.

Metropolis Philoptochos - The Philoptochos Society is a duly accredited women's philanthropic society whose primary mission is to raise funds and organize programs to help the poor, the hungry, the sick and anyone who may need the help of the Church. The Philoptochos also promotes charitable, benevolent and philanthropic purposes of the Greek Orthodox Archdiocese of North America through instructional programs, presentations and lectures.

The Martha and Mary Maternity House - This ministry is a home located in the northwest suburbs of Chicago that offers practical, emotional and spiritual support for expectant mothers who find themselves alone or without a good, safe home through pregnancy and childbirth.

St. Iakovos Retreat Center - The Retreat Center is a 137-acre facility located in Kansasville, Wisconsin. Although it is a separate legal entity that holds other events, the Metropolis supports the Center by having its parishes hold overnight retreats and camps (including Fanari) at the Retreat Center

Church Music Federation - The Federation represents the church musicians of the Metropolis, whether they are member choirs, individual stewards, or chanters. The aim of this group is to sustain the music ministries and musical traditions of the Orthodox faith, and to enhance the spiritual experience for all parishioners through music. This ministry provides the expertise, support and resources needed to form new choirs and allow established choirs to grow in the Metropolis' parishes.

GREEK ORTHODOX METROPOLIS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017, 2016 AND 2015

Midwest Hellenic Dance Festival- This ministry is dedicated to promoting, preserving and perpetuating traditional Hellenic dance and music, and inspiring Greek Orthodox youth and young adults through dance, music, and fellowship. The Festival is an annual event designed to develop an awareness, appreciation and love for Hellenic culture, and create a greater communion and stronger ties with fellow Greek Orthodox Christians for generations to come.

Clergy-Laity Congress - The Clergy-Laity Congress, the legislative body of the Metropolis, is convened biennially and presided over by the Metropolitan. 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 delegates to the Clergy-Laity Congress are pastors and elected lay representatives.

11 - Income Tax Status

The Metropolis is exempt from income taxes under the Internal Revenue Code Section 501(c)(3).

12 - Subsequent Events

In January 2019, the Metropolis moved their offices to a temporary location in Elk Grove Village. The lack of adequate work areas, accessibility for the disabled and ongoing maintenance demands of the building in Chicago were some of the factors that contributed to the decision to relocate.