



GREEK ORTHODOX METROPOLIS OF CHICAGO

ΙΕΡΑ ΜΗΤΡΟΠΟΛΙΣ ΣΙΚΑΓΟΥ

June 11, 2019

To the Reverend Fathers, Monastics and Laity of the Holy Metropolis of Chicago—to the beloved children of Christ: Grace and peace to you from our Lord and Savior Jesus Christ.

The Apostle Paul counsels that in the churches, “Let all things be done decently and in good order” (1 Corinthians 14:40). As the history of the Church Councils shows, the struggle to achieve propriety and orderliness takes time, patience, great effort and great faith. The following report has been long anticipated, and the faithful are to be thanked for their patience and their prayers.

People have often said “the Church is not a business.” Of course, this is true; the Church is the Body of Christ, something far more important than any business. However, this does not mean that our parishes and Metropolis couldn’t benefit by adopting some of the best practices that help businesses achieve their goals. Just as Christian ethics have encouraged businesses to embrace a greater sense of social responsibility, so too can business principles help the Church realize her responsibility to care for the least of our brethren in our society.

Since antiquity, the faithful people of God have helped the Church fulfill her mission through their sacrificial offerings of time, talent and treasure. This is certainly true for our Metropolis. This means, therefore, that as your Metropolitan, I am responsible for introducing practices and controls that best utilize, invest and protect your sacred offerings. By today’s standards, this includes proper disclosure of our Metropolis finances.

In the days after my enthronement, I learned that the Metropolis’ operating account (after accounting for certain restricted donations) lacked the available funds to pay any operating expenses. In addition, the Metropolis had outstanding unpaid bills totaling over \$15,000. Financial controls, reliable bookkeeping and audits of the Metropolis’ financial condition were inadequate. The only funds for which I could be certain of their source and purpose were donations received for my enthronement. Through the generosity of our parishes and the faithful of our Metropolis, \$266,400 was raised. After payment of all enthronement expenses, \$152,200 of enthronement donations remained. In accordance with the enthronement fundraising requests, these remaining funds could be used to assist the Metropolis with its operations. In order to establish a baseline of our Metropolis finances, I directed the Metropolis Council (by that time, newly reconstituted) to segregate the enthronement surplus in a separate account that would, from that point on, be used for Metropolis operations. The enthronement surplus allowed us to continue Metropolis operations in 2018 while we pieced together the financial history of our Metropolis.

During an informal meeting of the Metropolis Council held on March 27, 2018, I realized that the Metropolis was conducting its business without an operating budget, as the Council was unable to produce an operating budget for 2017 or 2018. Soon thereafter, I determined that in order for us to change course, the Metropolis Council needed to be reconstituted. In May of 2018, after receiving written resignations from every member of the Metropolis Council, an interim Metropolis Council was put in place. On September 24, 2018, the newly-established Metropolis Council retained the public accounting firm of Michael Silver & Company, LLC to perform a financial audit of the Metropolis and of the St. Iakovos Retreat Center for the 2015, 2016, and 2017 fiscal years. (The Retreat Center audit is being finalized and will be shared with the public soon.)



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It was our belief that the Metropolis audit would be completed by January 2019. Unfortunately, the insufficient recordkeeping and controls in prior years have posed serious difficulties and delays for the auditors, who must review past data in order to properly account for the transactions, revenues and expenses for the years being audited. In spite of such challenges, I would like to reaffirm the Metropolis' commitment to transparency and accountability. As promised, we will share the complete results of the 2015-17 financial audit upon its completion. We are also in the process of scheduling an audit of the 2018 fiscal year and will share those results when they are received.

As we eagerly wait for the financial audit to be completed, I am pleased to report that the Metropolis has completed the preparation of its 2018 financials and 2019 budget. You may review this information in the "2018 Financial Statement Summary and 2019 Budget," which can be accessed [HERE](#). To assist you in reviewing these statements, I have highlighted below some important line items and provided some explanation that will help you get a better sense of where we were, where we are today, and, with your help, where we wish to be in the future. In particular, I would like to point out that the Metropolis' 2018 Net Income included certain income that will not be recurring in future years (including, most notably, the enthronement donations). These non-recurring income amounts provided the liquidity we needed in 2018 for the Metropolis to pay its outstanding bills and to break-even. Because we will not have such income available to us in 2019, **the Metropolis depends on your generosity to raise the necessary funds—\$288,000—to cover our operating expenses for this year.** In my comments below, I also explain why our expenses in 2019 are higher than those of previous years.

2018 Financials

- A. Archdiocese Allocation Process: Our Metropolis operations, and those of other Metropolises of the Archdiocese, are largely funded through the Archdiocesan National Ministries Commitment program (Accessed [HERE](#)). Based on the National Archdiocesan budget, which is approved biennially at the National Clergy-Laity Congress, every Metropolis is assessed an amount that it must raise through its parishes, which is referred to as the "Total Commitment." Thereafter, the Archdiocese allocates to each parish in our Metropolis an amount that the parish must contribute towards the Total Commitment. Each allocation is calculated based on the individual parish's total net expenses. **All parish payments go directly to the Archdiocese.** After receiving these funds, the Archdiocese returns to the Metropolis 25% of the total funds collected from our parishes, an amount referred to as the "Metropolis Allocation." The Metropolis Allocation is to be used to pay for the Metropolis' salaries, pensions, employee benefits, and general liability insurance. If the Metropolis collects 100% of the Total Commitment from its parishes, the Metropolis receives a 2% bonus.

In 2018, our Metropolis' Total Commitment was \$2,765,350. Unfortunately, we did not collect 100% of our Total Commitment from our parishes. Rather, due to parish hardships, the Metropolis under-collected by \$93,593, and thus did not receive a 2% bonus from the Archdiocese. However, because of personnel transitions that occurred in in 2018, our payroll was lower than expected, causing us to underspend our Metropolis Allocation by \$78,574. As a result, we received a portion of that surplus (\$40,288) back from the Archdiocese.



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- B. The Archdiocese payment of \$114,099 is comprised of a 2017 Archdiocesan bonus/reimbursement of \$73,811 and a 2018 Archdiocesan reimbursement of \$40,288, which represents the amount the Archdiocese returned to the Metropolis because we did not use all of the Metropolis Allocation funds, as discussed above.
- C. There was a surplus of \$152,191 from the enthronement (\$266,400 enthronement income minus \$114,209 enthronement expenses). This income will not recur in 2019 or future years.
- D. In 2018, the two non-recurring income items (\$73,811 [included in (B)] and \$152,191 [included in (C)]) increased 2018 Net Income by \$226,000. Without these two items, our Net Income for 2018 (currently shown as \$238,860.99) would have been only \$12,858. While this is startling, if we take this a step further and assume that we never received the \$40,288 Archdiocesan Reimbursement [included in (B)], we would have ended 2018 at a Net Loss of \$27,430.

2019 Budget Notes

- E. The “Unrestricted Donations” line item in the amount of \$288,000 represents the amount of unrestricted donations the Metropolis will need to collect in order to fund its operations and ministries, and to balance the Metropolis budget in 2019.
- F. Wages and benefits in 2019 are higher than in 2017 and in 2018 because 2019 numbers represent a full year of salaries, including filling all vacant and newly created positions. For the years 2017 and 2018, there was not an entire year of expenses incurred for wages and benefits. In 2017, the Office of the Metropolitan was vacant upon the passing of Metropolitan Iakovos (June 2017). Likewise, in 2018, the Office of the Metropolitan was vacant from January 1-April 1, and the Office of the Chancellor was vacant from April 1-October 1. Moreover, the Executive Director salary is included in this line item even though the position is substantially funded by grants.
- G. The 2019 Metropolis Clergy-Laity Assembly is budgeted to cost \$150,000, of which \$100,000 is expected to be raised through registration. **The shortfall of \$50,000 will need to be funded through sponsorships and other donations.**
- H. The “Contract Labor-Bookkeeper” expense reflects an increase in hours needed for this critical role, once we realized systems, controls and processes were lacking.
- I. The IT and technology costs were higher in 2018 because we upgraded office computers and servers, and we created a new network infrastructure.
- J. The decision to temporarily relocate to more functional space required a budgeted relocation cost.
- K. The “Professional, Legal & Acct’g-Audit” expense includes the one-time cost of \$35,000.00 to pay for the audit of the 2015, 2016 and 2017 fiscal years.
- L. We have budgeted \$24,000 for professional translation services.

Reflecting on your plea for a more vibrant and dynamic Metropolis, I cannot help but pause and offer glory and thanksgiving to God for all that He offers us. I also express my gratitude to the



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men and women who have labored by my side as members of our Metropolis Council. They have provided our Metropolis with new approaches to longstanding challenges. Together with other volunteers, I do believe we have made steps in the right direction. Notwithstanding our progress, our work is not finished. Indeed, we have barely begun laying the foundation for the more substantive work that lies ahead. For us to achieve greater heights, I invite you to consider the following:

1. Remain focused on Christ and make Him the center of your life;
2. Pray, as we are taught in the Scriptures and the Divine Liturgy, for all people: for those who love us and for those who do not;
3. Speak the truth in love and offer constructive feedback to the Metropolis so that we can achieve our goals without sacrificing our Orthodox Christian values;
4. Become more engaged in the life of the Metropolis and consider how you could contribute to our shared mission;
5. Be a model of financial discipline and fiscal prudence in your own homes, businesses, and parishes, living as those who are stewards and not owners, and as ones who must render an accounting in due time. “For there is nothing hidden that will not be disclosed, and nothing concealed that will not be known or brought out into the open” (Luke 8:17).

Beloved family of the Holy Metropolis of Chicago,

God alone is *ὁ Καρδιογνώστης*, the One who knows the human heart. Ours is not to impute hidden motives or guess at reasons undisclosed, but rather to ascertain facts and to report them faithfully. As you, the beloved clergy and laity of the Greek Orthodox Metropolis of Chicago have been faithful in prayer and forbearance until now, I ask you all the more to be intercessors for our Metropolis and advocates of the Gospel of repentance and salvation in our Lord Jesus Christ, to Whom belongs the glory forever, with his Eternal Father and His All-Holy, Good, and Life-Giving Spirit, unto the ages of ages. Amen.

With paternal love in Christ,

Metropolitan Nathanael

+ Metropolitan Nathanael of Chicago