

# ALLOCATION PROCESS

METROPOLIS OF ATLANTA  
2017



**GREEK ORTHODOX METROPOLIS OF ATLANTA**

# Purpose

Provide stable revenues to the Archdiocese to partially fund its and the Metropolises' ministries, while ensuring fair and equitable assessment across the country



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# National Ministries Allocation Manual

- ❖ The Archdiocese Finance Committee has published a manual that describes the allocation process and defines the various line items of the allocation form.
- ❖ The Metropolis Finance Committee has adapted the manual to the specific needs of the Metropolis (unique expense deductions, schedule, etc.)

**Please see attached National Ministries Allocation System Manual**



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# What the Allocation Revenue Funds

- ❖ 25% of the allocation revenue is returned to the Metropolises to pay for their staff expenses, insurance, and some ministries.
- ❖ The other 75% is used to partially offset the Archdiocese operating expenses and ministries such as:
  - ❖ Ecumenical Patriarchate
  - ❖ Holy Cross School of Theology
  - ❖ Orthodox Observer
  - ❖ Archdiocese Web Site
  - ❖ Religious Education
  - ❖ Youth Programs, such as Ionian Village



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# Total Archdiocese Allocation

- ❖ Every two years, the Clergy-Laity Congress approves the Archdiocese annual budget as proposed by the Archdiocese Finance Committee
- ❖ Based on that, the Finance Committee determines the portion that needs to be funded by the annual allocation revenue – **Total Archdiocese Allocation**



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# Allocation Methodology

- ❖ The **Total Archdiocese Allocation** is divided among the Nine Metropolises (Eight plus the Direct Arch. District) according to the proportion of their Net Expenditures to the total Net Expenditures of all Metropolises
- ❖ Therefore, for each Metropolis, the higher its Net Expenditures in comparison to the total Archdiocese Net Expenditures, the higher its allocation would be. For example:
  - ❖ Total Archdiocese Allocation = \$20 million
  - ❖ Total Archdiocese Net Expenditures = \$150 million
  - ❖ Metropolis A Net Expenditures = \$15 M (10% of \$150 Million)
  - ❖ Metropolis A Allocation = \$2.00 Million (10% of \$20 M)



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# Parish Allocation Methodology

- ❖ Similarly, the Metropolis Allocation is divided among its parishes as a proportion of the parish's Net Expenditures to the total Net Expenditures of all parishes in the Metropolis
- ❖ The amounts are increased by a cushion to cover the Metropolis in the event some parishes run into unforeseen financial difficulties. For this example, the cushion is 10%
- ❖ Therefore, for each parish, the higher its Net Expenditures in comparison to the total Metropolis Net Expenditures, the higher its allocation would be. For example:
  - ❖ Total Metropolis A Allocation = \$2.00million
  - ❖ Total Metropolis A Net Expenditures = \$15 million
  - ❖ Parish XYZ Net Expenditures = \$400,000 ( 2.67% of \$15 M)
  - ❖ Parish XYZ Allocation = \$58,740 (2.67% of \$2 M plus 10%)



# What are Net Expenditures

- ❖ Net Expenditures are calculated by subtracting certain parish expenditures—Excluded Expenditures-- from the parish total expenditures (Operating Acct., Building Fund, Fundraising Acct., etc.)
- ❖ Net Expenditures =  
Total Parish Expenditures  
Minus  
Excluded Expenditures



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# What Are Excluded Expenditures

- ❖ Excluded Expenditures consist of the following categories
  - ❖ Archdiocese Allocation
  - ❖ All first priest's expenses (Salary, housing, FICA, auto, etc.)
  - ❖ Capital improvements (Land purchase, new buildings, iconography, renovations, major repairs, etc.)
  - ❖ Mortgage principal and interest and construction loan interest
  - ❖ Festival and other fundraising expenses
  - ❖ Parochial, Day Care, and Greek School Expenses (with restrictions)
  - ❖ Religious Education (Sunday School)
  - ❖ Charitable Giving (Patriarchate, Archdiocese, Metropolis, Holy Cross, Local Charities, etc.)

Please refer to Page 10 of the Allocation System Manual, “Income, Expense and Allowable Deduction Definitions”



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# 2018 Allocation Form

- ❖ Please Refer to the Allocation Form on Page 31 of the Allocation System Manual



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# Supporting Documents

- ❖ The allocation form must be accompanied by the parish's audited income statements of all church accounts, and the associated balance sheets. Without these documents, the form cannot be reviewed.  
**Please refer to an example of an Income Statement on Page 21 of the Allocation System Manual**
- ❖ The parish should provide a separate reconciliation statement to aid the mapping of the various amounts on the form to the income statements, particularly when the numbers of the form represent the sum of two or more entries in the income statement

**Please refer to an example of a Reconciliation Statement on Page 19 of the Allocation System Manual**



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# Completed 2018 Allocation Form

- ❖ Please refer to an example of an example of a completed 2018 allocation form on Page 17 of the Allocation System Manual



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# Common Errors

- ❖ Not including all parish expenses in Line B of the form
  - ❖ All church accounts (Operating, Building, Festival, etc.)
- ❖ Representing expenses as negative income
- ❖ Deducting expenses that are not included in Line B of the form
- ❖ Deducting expenses that are not allowable deductions
- ❖ Misrepresenting transfers as expenses
- ❖ Reporting depreciation, lost income, or other write-offs as expenses in Line B
- ❖ Calculation errors and typos



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# What Can Go Wrong

- ❖ For the allocation process to function correctly, all parishes must submit their forms accurately, completely, and on time
- ❖ Due to the proportional nature of the allocation, inaccurate and missing information from a parish adversely affects the allocation of all parishes in the Metropolis
  - ❖ The Metropolis gets penalized
  - ❖ Consequently all parishes get penalized



# Late and Incomplete Form Submission

- ❖ To encourage on-time and complete form submission, the following penalties are imposed:
- ❖ Late form submission
  - ❖ Up to 10% adder on the parish's allocation amount
- ❖ Incomplete forms – One year missing
  - ❖ For missing year, net expenditures of previous year increased by a 10% penalty
- ❖ Failure to submit forms in last two years
  - ❖ Average net expenditures assigned to the parish in previous year increased by a 10% penalty



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# Appeal Process

- ❖ For various reasons, a parish's financial situation may worsen during the current year making it difficult to meet its allocation
- ❖ Furthermore, a parish may consider its allocation as wrong or excessive
- ❖ In these cases, parishes may request a review of their allocation by submitting an appeal request to the Metropolis



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# Appeal Review Requirements

- ❖ The parish must be current with its allocation payments
  - ❖ No outstanding balance for previous years
  - ❖ Up to date with original allocation in current year
- ❖ Must have submitted the appeal request and appeal documentation on schedule
- ❖ Must have submitted an allocation form in the previous year (e.g., to appeal the 2017 allocation, the parish had submitted the 2017 allocation form in 2016)
- ❖ Must submit financial records and a complete allocation form for the year just ended
- ❖ Must submit the budget for the current year
- ❖ Other material to support the request for appeal



# Enforcement Process

- ❖ The Archdiocese Allocation is mandatory – All parishes have to participate
- ❖ The Metropolis has defined an enforcement process for parishes that fail to meet their allocation obligations, including
  - ❖ Holding off ratification of parish council elections
  - ❖ Imposing of sanctions, including the removal of the parish council



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# Allocation Process Schedule

- ❖ Specific dates vary each year and are included in the “Ecclesiastical Forms/Finances & Expenditures” tab in the Metropolis web site
- ❖ Generic dates
  - ❖ **Allocation Process**
    - ❖ Forms available in February
    - ❖ Allocation forms due to the Metropolis by April 1
    - ❖ Archdiocese allocation review and decision in July
    - ❖ Parish notification in September
  - ❖ **Appeal Process**
    - ❖ Appeal request by February 1<sup>st</sup>.
    - ❖ Appeal request support documentation by April 1st
    - ❖ Appeal request review in May
    - ❖ Parish notification by May 30



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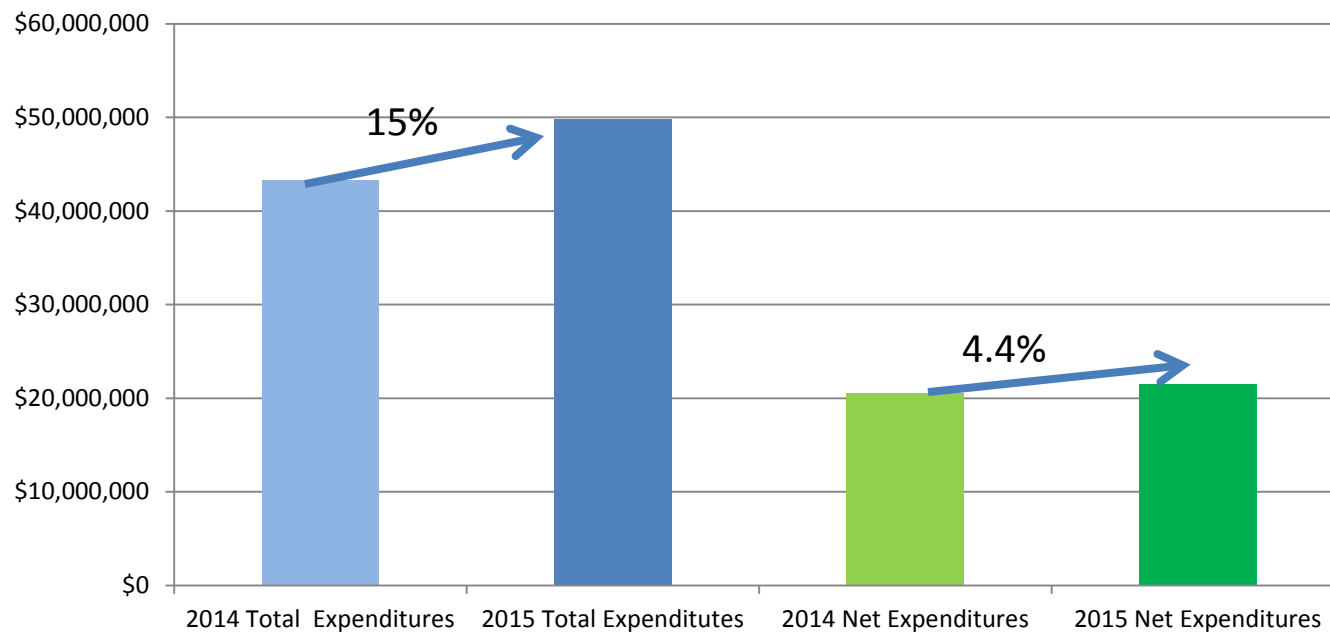
# Useful Contact Information

<b>Where to find an allocation form</b>	Metropolis web site under Parish Administration	<a href="http://www.atlmetropolis.org/parish-administration">http://www.atlmetropolis.org/parish-administration</a>
<b>For questions on due dates</b>	Metropolis Office	Phone: 404-634-9345 Email: <a href="mailto:info@atlmetropolis.org">info@atlmetropolis.org</a>
<b>For questions on filling out the Allocation Form</b>	Chairman of Metropolis Finance Committee	Phone: 256-694-4819 Email: <a href="mailto:mmissios@aol.com">mmissios@aol.com</a>
<b>For questions about the overall allocation process</b>	Chairman of Metropolis Finance Committee	Phone: 256-694-4819 Email: <a href="mailto:mmissios@aol.com">mmissios@aol.com</a>
<b>Where to submit an appeal request</b>	Metropolis Chancellor's Office	Phone: 404-634-9345 Email: <a href="mailto:chancellor@atlmetropolis.org">chancellor@atlmetropolis.org</a>



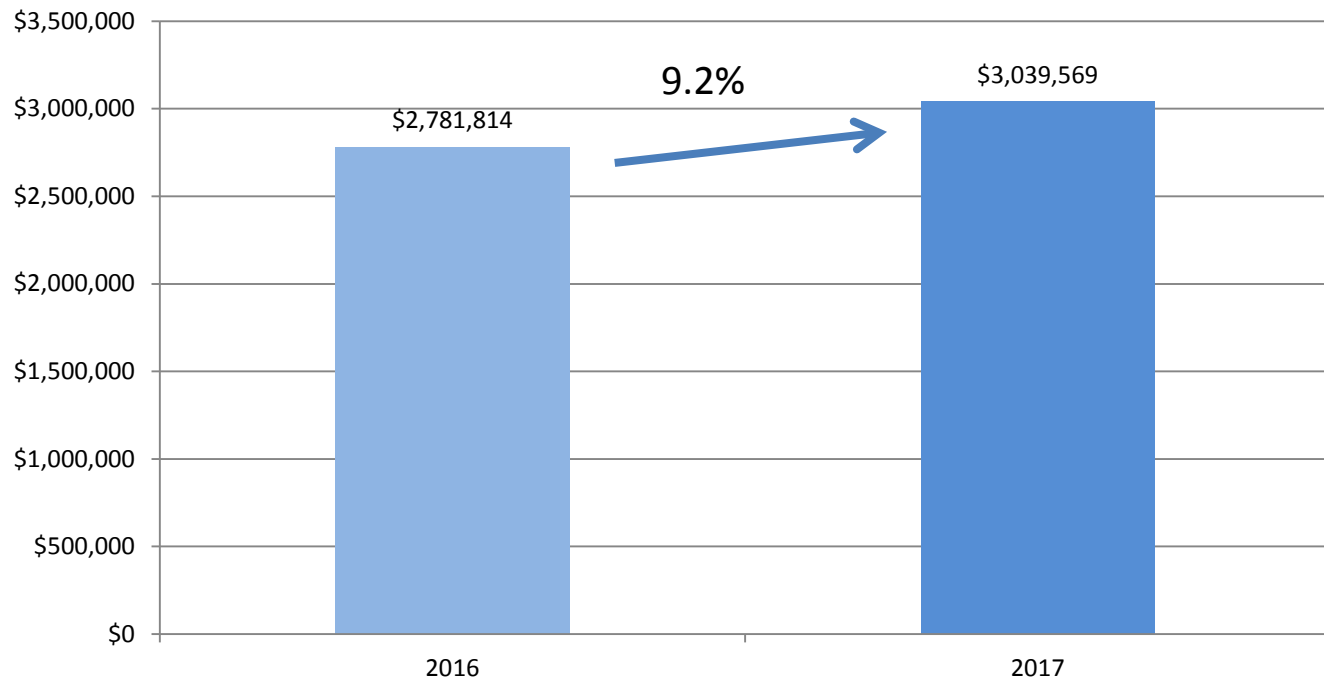
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# 2016 – 2017 Comparison



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# Archdiocese Allocation 2016 – 2017 Comparison



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# Thank You



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