

# Total Commitment Allocation Process

Metropolis of New Jersey  
2027



GREEK ORTHODOX METROPOLIS OF NEW JERSEY

# Purpose

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



# 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



# Total Commitment 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.

[Please click to view the Allocation Manual](#)



# Expense Based Methodology

- ❖ The Allocation methodology is Expense based. Income plays a limited role in the process. Furthermore, the amount of Allocation assessed to a parish is based on the proportional Net Expenditures of the parish in comparison to the total Net Expenditures of all parishes in the Metropolis. The higher its Net Expenditures, the higher its allocation.



# Parish Allocation Methodology

- ❖ The total Allocation that is assessed to a Metropolis by the Archdiocese 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
- ❖ For example:
  - ❖ Total Metropolis Allocation = \$3 million
  - ❖ Total Metropolis Net Expenditures = \$20 million
  - ❖ Parish XYZ Net Expenditures = \$400,000 (2.0 % of \$20 M)
  - ❖ Parish XYZ Allocation = \$60,000 (2.0% of \$3 million)
- ❖ The above allocation to a parish may be adjusted by the Metropolis Finance Committee based on the:
  - ❖ The parish's financial circumstances and the timeliness, accuracy, and completeness of its Allocation Data Form submission



# What are Net Expenditures

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



# What Are Deductible Expenditures

- ❖ Deductible Expenditures consist of the following categories:
  1. Archdiocese Total Commitment Allocation payments
  2. Clergy Benefit payments
  3. Capital improvements (Land purchase, new buildings, iconography, renovations, major repairs, etc.)
  4. Mortgage principal and interest and construction loan interest to the extent they are included in the Total Expenditures. Rental of a sanctuary can also be claimed in lieu of a mortgage



# What Are Deductible Expenditures

## ❖ Deductible Expenditures - *Slide 2*:

5. Festival, Bookstore, and other fundraising expenses
6. Parochial, Day Care, Sunday, and Greek School Expenses
7. Charitable Giving (Patriarchate, Archdiocese, Metropolis, Holy Cross, Local Charities, etc.)



# 2027 Allocation Form

❖ [Click to view the 2027 Allocation form](#)

❖ The Allocation Data Form is an Excel spreadsheet. Please enter data to the spreadsheet without making any format changes



# 2027 Allocation Form

- ❖ Please enter clearly the Parish's contact information

*Please print telephone numbers and email addresses clearly* Parish Number

\_\_\_\_\_ Name of Parish \_\_\_\_\_  
Tel: \_\_\_\_\_ Email: \_\_\_\_\_ Address \_\_\_\_\_  
\_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_  
\_\_\_\_\_ Zip: \_\_\_\_\_



GREEK ORTHODOX METROPOLIS OF NEW JERSEY

# 2027 Allocation Form

## ❖ Line A – Total Income

- ❖ Stewardship, candles, all parish fundraising events, trays, holiday offerings, special trays, restricted and unrestricted funds.
- ❖ Rental Income, interest income, income from parish endowment fund if deposited in the parish's accounts.
- ❖ School income.
- ❖ Any other income not listed above.



# 2027 Allocation Form

## ❖ Line A – Total Income

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- ❖ Rental Income, interest income, income from parish endowment fund if deposited in the parish's accounts.
- ❖ School income.
- ❖ Any other income not listed above.



# 2027 Allocation Form

## ❖ **Line A – Total Income** *Slide 2*

- ❖ Income has no role in the calculation of the allocation amount. However, it is important to be stated accurately:
  - ❖ To check against large increases or decreases of expenses – There should be corresponding changes in income
  - ❖ To validate an expenses deduction – There cannot be a fundraising expenses without a corresponding revenue



# 2027 Allocation Form

## ❖ Line B – Total Expenses

- ❖ All expenses paid by the parish or on behalf of the parish for any purpose. Refer to Appendix B for guidance regarding parish expenses paid by a related foundation or endowment fund
  - ❖ Asset depreciation should not be included.
  - ❖ Mortgage principal payments should not be included as it is a Balance Sheet item. However it must be included if an expense deduction is claimed for it
  - ❖ Investment losses, write-offs, and transfers from one account to another are not expenses



# 2027 Allocation Form Expense Deductions

## ❖ **Line C-1 Total Commitment Allocation Payments**

- ❖ Payments made in the current year toward the parish's Archdiocese Total Commitment assessment



# 2027 Allocation Form Expense Deductions

## ❖ Line C-2 Clergy Benefit Payments

- ❖ Payments made to the Archdiocese Benefits. This is only for priest pension and benefits paid directly to Archdiocese.
- ❖ The only deductible amount is that assigned by the Metropolis to the parish for the payment of Pension and Ancillary benefits.
- ❖ *This does not include health insurance payments, or any other benefit payment made by the Parish.*



# 2027 Allocation Form

## Expense Deductions

- ❖ **Line C-3 Capital Expenditures - Funds paid for facility construction, renovation, purchases of any fixed assets, and major repairs**
- ❖ **All claimed deductions must be supported by itemized lists.**
- ❖ Deductible expenditures include the following:
  - ❖ Land purchase
  - ❖ Building construction
  - ❖ Iconography, interior décor (pews, iconostasion, proskinitaria, etc.)
  - ❖ Improvements made to extend the useful life of a property or add to its value, such as roof replacement, kitchen equipment replacement, HVAC unit replacement, parking lot resurfacing, and window replacement.



# 2027 Allocation Form Expense Deductions

## ❖ Line C-3 Capital Expenditures - *Slide 2*

- ❖ Professional fees related to the acquisition or construction such as architect fees, legal fees, engineering costs, feasibility studies, etc.
- ❖ Purchases or lease-purchase of fixed assets such as automobiles, copiers, computers, furniture, carpeting, and other assets that could have been capitalized under GAAP (Generally Accepted Accounting Principles.)
- ❖ Major repairs – Repairs exceeding \$2,500 for each repair or event, such as repairs of roof, plumbing, HVAC, and damage from fires and storms.
- ❖ Depreciation (if included in line B Total Expenses)
- ❖ ***Payments for work by church employees are not deductible expenses.***



# 2027 Allocation Form Expense Deductions

## ❖ **Line C-4 Principal and/or interest paid on loans including mortgages**

- ❖ Only the portion of interest included in Line B – Many parishes do not report the principal portion of mortgage payments as an expense, in which case that portion must be excluded from this deduction.
- ❖ In lieu of mortgage, funds paid to rent the sanctuary may also be deducted



# 2027 Allocation Form Expense Deductions

## ❖ **Line C-5 Fundraising Expenses**

- ❖ Funds paid exclusively to hold fundraising events and directly caused by the fundraising event such as festivals, raffles, dinners, golf tournaments, etc.
- ❖ Bookstore expenses are deductible (Cost of items purchased for sale, but not overhead.)
- ❖ Allocation of indirect expenses (utilities, maintenance, etc.) can be claimed if it complies with the Guidelines to Allocating Expenses below.



# 2027 Allocation Form Expense Deductions

- ❖ **Line C-5 Fundraising expenses** - Slide 2
  - ❖ *Any funds paid to parish clergy are not deductible fundraising expenses.*
  - ❖ *Candle purchases are not considered a fundraising expense since candles are not “sold” to be taken home. Service attendees make a donation and light a candle as part of the worship service.*
  - ❖ *Customary Stewardship program expenses are not deductible*



# 2027 Allocation Form

## Expense Deductions

- ❖ Line C-6 Day, Parochial, Greek and Sunday Schools
  - ❖ Teachers' salaries and associated payroll taxes, insurance, supplies, books, and any expense that is invoiced separately and is directly attributable to the operation of the school.
  - ❖ For Parochial/Day schools and afternoon Greek Schools, allocated Church overhead expenses such as utilities, security, and insurance which are not separately measured are deductible only if they comply with the Guidelines to Allocating Expenses below.
  - ❖ *Allocation of general overhead expenses (utilities, telephone, insurance, repairs, etc) to Sunday School is **not** allowed.*
  - ❖ *GOYA, HOPE, JOY, Dance groups, etc., expenses are **not** allowable deductions.*
  - ❖ *Priest, Pastoral Assistant and Youth Director salaries and related expenses may not be allocated and are **not** allowable deductions.*



# 2027 Allocation Form Expense Deductions

- ❖ Line C-7 Charitable Giving
  - ❖ Donations to Metropolis(es), Archdiocese or Patriarchate or any of their related ministries.
  - ❖ Donations to Organizations under the Assembly of Canonical Orthodox Bishops in the United States.
  - ❖ Donations to other non-profit organizations.
  - ❖ Donations for individual assistance and Scholarships

**To be deductible, expenses must be individually listed by recipient and must be included in Line B-Total Expenses**



# 2027 Allocation Form Expense Deductions

## ❖ Guidelines to Allocating Expenses

- ❖ Certain overhead expenses such as utilities, insurance, telephone, secretarial, repairs, maintenance, and supplies, may be allocated to Fundraising, Parochial/Day School, and Greek School only if they are:
  - ❖ Approved by the local Metropolis Finance Committee
  - ❖ Comply with the guidelines below:



# 2027 Allocation Form Expense Deductions

## ❖ Guidelines to Allocating Expenses – Slide 2

- ❖ The method and rationale of the allocation method must be clearly substantiated, documented, and quantified by the parish and approved by the Metropolis Finance Committee.
- ❖ The documentation must include which expenses are being allocated, and where these expenses are posted in the parish's P&L,
- ❖ The expenses must be ongoing, significant and incremental to the cost of the operations of the parish.

**Ongoing:** The costs are incurred throughout most of the year and not just for a few days or a week a year. Examples include extra insurance, shared administration staff, extra security, extra janitorial services, etc. **Expenses related to short-term events such as festivals, dinner/dances, and golf outings cannot be allocated.**

**Significant:** Expenses of less than \$2,500 annually per expense category **cannot** be considered for allocation.

**Incremental:** It must be obvious that the costs in question would not have been incurred except for the fundraising events or school activities. A reasonable test to determine if an expense item can be allocated is to ask how much of the expense would be eliminated if the activity in question were to be terminated.



# 2027 Allocation Form Expense Deductions



- ❖ **Line C** – Sum of all deductible expenses Line C1 to C7
- ❖ **Total Net Parish Expenses: Line B minus Line C**
  - ❖ *Total Net Expenditures cannot be zero or a negative number*



# 2027 Allocation Form Signatures

## Clearly print names and information below

- ❖ Person Preparing the Data Form: \_\_\_\_\_ Tel : \_\_\_\_\_ Email: \_\_\_\_\_
- ❖ Parish Council Treasurer \_\_\_\_\_ Tel : \_\_\_\_\_ Email: \_\_\_\_\_
- ❖ Parish Council President \_\_\_\_\_ Tel : \_\_\_\_\_ Email: \_\_\_\_\_

- ❖ Having clear parish contact information is very important during the review process in order to clarify data entries on the Data Form and to request missing information
- ❖ Handwritten contact information is often illegible



# Completed Allocation Form

❖ [Click to view an example of a completed Data Form](#)



# Supporting Documents

- ❖ The Data Form must be accompanied by the parish's audited income statements (P&L) of all church accounts, and the associated balance sheets. Without these documents, the form cannot be reviewed.
  - ❖ [Click for an example of an Income Statement](#)
  - ❖ [Click for an example of a Balance Sheet](#)
- ❖ The parish should provide a separate reconciliation Form - Page 4 of the Data Form) 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
  - ❖ [Click for an example of a Reconciliation Form](#)



# Common Errors

- ❖ Not including all parish expenses in Line B of the form
  - ❖ All church accounts (Operating, Building, Festival, etc.)
- ❖ Deducting expenses that are not included in Line B of the form
- ❖ Representing expenses as negative income
- ❖ Presenting fundraising expenses as Net numbers vs. gross revenue and gross expenses
- ❖ Deducting expenses without providing backup information and itemized lists such as capital expenses, charitable donations, etc.



## Common Errors – *Slide 2*

- ❖ Allocating overhead expenses without supporting rationale
- ❖ Deducting expenses that are not allowable deductions
- ❖ Misrepresenting transfers between accounts as expenses
- ❖ Reporting depreciation, lost income, or other write-offs as expenses
- ❖ Calculation errors and typos



# 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
  - ❖ To avoid unfair treatment of other parishes, the Metropolis may decide to increase the allocation of the parish that provided inaccurate information



# Late and Incomplete Form Submission

## **TBD**

- ❖ 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



# 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
- ❖ Appeal must be filed by April 15 of the year during which the allocation is paid



# Appeal Review Requirements

## T B D

- ❖ 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
- ❖ 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



# Allocation Process Schedule

## T B D

### ❖ Allocation Process

- ❖ Forms available by February 15
- ❖ Allocation forms due to the Metropolis by April 1
- ❖ Archdiocese allocation review and decision in July
- ❖ Parish notification in OCTOBER

### ❖ Appeal Process

- ❖ Appeal request by April 15
- ❖ Appeal request review in May
- ❖ Parish notification by May 30



# Useful Contact Information

<b>Where to find an allocation form</b>	Metropolis web site under Parish Administration	
<b>For questions on due dates</b>	Metropolis Office Georgia Vlitas	Phone: 908-301-0500 Email: gvlitas @nj.goarch.org
<b>For questions on filling out the Allocation Form</b>	Metropolis Finance Committee Tassos Efstratiades  George Pappas  Mike Missios	Phone:267-243-9748 Email:tassose@gmail.com  Phone: 856-906-6012 Email: <a href="mailto:georgepappascpa@gmail.com">georgepappascpa@gmail.com</a>  Phone: 256-694-4819 Email: mmissios@aol.com
<b>For questions about the overall allocation process</b>	Chairman of Metropolis Finance Committee	Phone:267-243-9748 Email:tassose@gmail.com
<b>Where to submit an appeal request</b>	Metropolis Chancellor's Office	Email: chancellor@nj.goarch.org

# Thank You



GREEK ORTHODOX METROPOLIS OF NEW JERSEY