THE GREEK ORTHODOX METROPOLIS OF ATLANTA
DIAKONIA CENTER, INC.

FINANCIAL STATEMENTS
(MODIFIED CASH BASIS)

YEARS ENDED DECEMBER 31, 2019 AND 2018

with
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Metropolis Council
The Greek Orthodox Metropolis of Atlanta Diakonia Center, Inc.

We have audited the accompanying financial statements of the Greek Orthodox Metropolis of Atlanta Diakonia Center, Inc. (the "DRC"), which comprise the statements of assets, liabilities and net assets (modified cash basis) as of December 31, 2019 and 2018, and the related statements of revenues, other support, expenses and changes in net assets (modified cash basis) and cash flows (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 described in Note 1; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 DRC as of December 31, 2019 and 2018, and the activities and changes in its net assets and its cash flows for the years then ended in conformity with the modified cash basis of accounting described in Note 1.

Basis of Accounting

As described more fully in Note 1, the DRC's policy is to prepare its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Smith + Howard

August 19, 2020

THE GREEK ORTHODOX METROPOLIS OF ATLANTA DIAKONIA CENTER, INC.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS
(MODIFIED CASH BASIS)
YEARS ENDED DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018
Cash and cash equivalents	$ 643,385	$ 326,547
Inventories	54,915	33,401
Property and equipment, net	3,651,291	3,779,868
Construction in progress	5,261,480	4,690,876
Total Assets	$ 9,611,071	$ 8,830,692

LIABILITIES AND NET ASSETS

	2019	2018
Notes payable	$ 1,026,975	$ 1,195,602
Total Liabilities	1,026,975	1,195,602
Net Assets		
Without Donor Restrictions	8,115,473	7,332,996
With Donor Restrictions	468,623	302,094
Total Net Assets	8,584,096	7,635,090
Total Liabilities and Net Assets	$ 9,611,071	$ 8,830,692

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

THE GREEK ORTHODOX METROPOLIS OF ATLANTA DIAKONIA CENTER, INC.
STATEMENTS OF REVENUES, OTHER SUPPORT, EXPENSES AND CHANGES IN NET ASSETS (MODIFIED CASH BASIS)
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:						
Contributions	$ 234,344	$ 801,062	$ 1,035,406	$ 240,508	$ 1,259,382	$ 1,499,890
Camp and retreat ministry	307,261	-	307,261	281,248	-	281,248
Candle ministry	72,076	-	72,076	80,351	-	80,351
Other	239,274	-	239,274	-	-	-
Net assets released from restrictions	634,533	(634,533)	-	1,250,278	(1,250,278)	-
Total Revenues and Other Support	1,487,488	166,529	1,654,017	1,852,385	9,104	1,861,489
Expenses:						
Administration and office	35,886	-	35,886	31,569	-	31,569
Camp and retreat meals	66,607	-	66,607	73,969	-	73,969
Payroll	137,034	-	137,034	111,035	-	111,035
Insurance	78,945	-	78,945	68,474	-	68,474
Utilities	91,910	-	91,910	78,097	-	78,097
Maintenance	63,055	-	63,055	26,195	-	26,195
Depreciation	130,983	-	130,983	125,188	-	125,188
Candle ministry direct expenses	50,025	-	50,025	34,014	-	34,014
Interest	50,566	-	50,566	61,483	-	61,483
Total Expenses	705,011	-	705,011	610,024	-	610,024
Increase in Net Assets	782,477	166,529	949,006	1,242,361	9,104	1,251,465
Net Assets:						
Beginning of year	7,332,996	302,094	7,635,090	6,090,635	292,990	6,383,625
End of year	$ 8,115,473	$ 468,623	$ 8,584,096	$ 7,332,996	$ 302,094	$ 7,635,090

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

THE GREEK ORTHODOX METROPOLIS OF ATLANTA DIAKONIA CENTER, INC.
STATEMENTS OF CASH FLOWS
(MODIFIED CASH BASIS)
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities:		
Net Increase in Net Assets	$ 949,006	$ 1,251,465
Adjustments to Reconcile Net Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and amortization	130,983	125,188
Contributions restricted for capital purposes	(801,062)	(1,259,382)
Changes in operating assets and liabilities:		
Inventories	(21,514)	26,999
Net Cash Provided by Operating Activities	257,413	144,270
Cash Flows from Investing Activities:		
Purchases of property and equipment, net	(2,406)	(58,056)
Investment in construction in progress	(570,604)	(1,029,533)
Net Cash Required by Investing Activities	(573,010)	(1,087,589)
Cash Flows from Financing Activities:		
Contributions restricted for capital purposes	801,062	1,259,382
Principal payments under notes payable, net	(168,627)	(199,275)
Net Cash Provided by Financing Activities	632,435	1,060,107
Net Increase in Cash and Cash Equivalents	316,838	116,788
Cash and Cash Equivalents, Beginning of Year	326,547	209,759
Cash and Cash Equivalents, End of Year	$ 643,385	$ 326,547

Non-Cash Operating and Financing Activities:
During 2018, $50,000 of a note payable was forgiven and included in contributions with donor restriction for the construction of the Panagia Chapel.

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

THE GREEK ORTHODOX METROPOLIS OF ATLANTA DIAKONIA CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Greek Orthodox Metropolis of Atlanta Diakonia Center, Inc. (the "DRC"), a not-for-profit corporation established under the Laws of the State of Georgia, operates as an integrated auxiliary of the Greek Orthodox Metropolis of Atlanta, Inc. (the "Metropolis"). Formed in 2002, the Metropolis is a exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The DRC is the only Orthodox Christian retreat center in the southeastern United States of America and has the following goals:

- To provide a Christian retreat center for the spiritual enrichment of the faithful
- To provide an environment where the faithful can commune with nature
- To provide a retreat center for all age groups and interests

Basis of Accounting and Presentation

The financial statements have been prepared on the modified cash basis of accounting. Under that basis, certain revenues and the related assets are recognized when received rather than when pledged and certain expenses are recognized when paid rather than when the obligation is incurred. That basis differs from accounting principles generally accepted in the United States of America (GAAP) primarily because the DRC has not recognized pledges, most receivables and payables, and their related effects on earnings in the accompanying financial statements. The DRC has elected not to present a Statement of Functional Expenses or liquidity and availability disclosures, for the years ended December 31, 2019 and 2018 as required by GAAP under a modified basis of accounting, which is another comprehensive basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. At times, cash and cash equivalents may exceed federally insured limits. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements. The DRC has not experienced any losses in such accounts. The DRC believes it is not exposed to any significant credit risk related to cash.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost or market. The first-in, first-out method is used to determine the cost of inventory. Inventories consist primarily of raw materials used in making beeswax candles and cases of finished candles.

Property and Equipment

Property and equipment are stated at cost, or if acquired by gift, at the estimated fair market value at the date of the gift. Construction in progress is recorded at cost and is transferred to property and equipment accounts when useable or placed in service. Depreciation is calculated on the straight-line method over the estimated useful years of life of the assets, as follows:

Buildings and improvements	5-40
Furniture	5-10
Computers and Equipment	3-7

Presentation

Net assets, along with revenues, expenses, gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the DRC and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the DRC.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The DRC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

The DRC annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the DRC takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. The DRC believes it is no longer subject to tax examinations for tax years ending before December 31, 2016.

Use of Estimates

The preparation of financial statements in conformity 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 the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2019	2018
Land	$ 683,018	$ 683,018
Buildings and improvements	4,532,643	4,532,866
Furniture, equipment and computers	297,661	296,109
Vehicles	38,567	37,713
	5,551,889	5,549,706
Less accumulated depreciation	(1,900,598)	(1,769,838)
	$ 3,651,291	$ 3,779,868

Depreciation expense for the years ended December 31, 2019 and 2018 was $130,983 and $125,188, respectively.

During 2014, the DRC started a capital campaign to build the Panagia Chapel on the grounds of the DRC. Through December 31, 2019, construction in progress of $5,261,480 was recorded in the statement of assets, liabilities and net assets (modified cash basis).

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions, subject to expenditure for a specified purpose, consist of the following at December 31:

	2019	2018
Panagia Chapel Construction	$ 71,429	$ 6,994
Soccer field and Lodge Fund	20,000	25,000
Youth challenge fund	37,094	-
DRC Village Fund	250,000	250,000
Philoxenia House Fund	90,100	20,100
	$ 468,623	$ 302,094

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets released from restrictions consist of the following for the years ended December 31:

	2019	2018
Panagia Chapel Construction	$ 570,604	$ 1,029,533
Mortgage Reduction Fund	63,929	220,745
	$ 634,533	$ 1,250,278

During 2019, the DRC received proceeds from insurance of $239,274 included in other income, to be designated by the Board for capital expenditures. During 2019, $22,860 was used to fund these capital expenditures as determined by the Board.

NOTE 4 – NOTES PAYABLE

In August 2013, the DRC entered into a note payable with a bank to refinance existing debt. The original principal amount was $2,206,500 bearing interest at a fixed rate of 4.75% per annum with monthly principal and interest payments of $17,269 to be paid over 10 years with the remainder to be paid in a balloon payment at maturity in August 2023. The note is collateralized by property and equipment owned by the DRC. The note is guaranteed by the Metropolis and contains certain covenants to provide annual financial information for which the DRC was in compliance. During 2019 and 2018, additional principal payments above and beyond the principal due were raised and used to pay down the loan balance. Subsequent to year end, the outstanding principal balance of $596,869 was refinanced at a fixed rate of 3.69% per annum with monthly principal and interest payments of $4,341 to be paid over 10 years with a balloon payment at maturity in July 2030.

During 2016, the DRC entered into a noninterest bearing note payable for $100,000 with the hierarchical head of the Metropolis (the "Metropolitan") to be repaid over two years. During 2019 and 2018, $50,000, respectively, of the loan was forgiven and is included in contributions with donor restrictions for construction of the Panagia Chapel. During 2018, the DRC entered into a new noninterest bearing note payable for $71,470 to be repaid in a lump sum on or before December 31, 2020.

NOTE 4 – NOTES PAYABLE (Continued)

As of December 31, 2019, considering the refinancing of the debt noted above, future maturities of the notes payable are as follows:

2020	$ 442,395
2021	31,007
2022	32,173
2023	33,382
2024	34,587
Thereafter	453,431
	$ 1,026,975

NOTE 5 – SUBSEQUENT EVENTS

The DRC has experienced a disruption of normal business operations caused from COVID-19 since December 31, 2019. The overall financial impact cannot be determined through the date of this report; however, it is reasonably possible that changes in risks in the near term could occur which could result in a material change to the financial statements.

In May 2020, the DRC obtained a Small Business Administration ("SBA") loan under the Paycheck Protection Program ("PPP") totaling $33,690. The PPP loan bears interest at 1%, and will follow the repayment terms outlined by the Coronavirus Aid, Relief, and Economic Securities Act (the "CARES Act") and the Paycheck Protection Program Flexibility Act ("PPPFA"). The DRC may apply for PPP loan proceeds to be forgiven with the lending institution, provided the proceeds are used within a specified timeframe to cover certain payroll and other expenses outlined in the CARES Act and the PPPFA. Initial repayments of the loan amount are deferred until the date the SBA remits the loan forgiveness funds to the lending institution or until 10 months after the end of the forgiveness period if the DRC does not apply for forgiveness. The loan matures May 2022; the PPPFA allows the maturity date to be extended from a 2 year period from loan origination to a 5 year loan origination subject to approval by the lending institution.