

Archdiocese of Washington, D.C.

October 18, 2011

Minutes of the 2011 Archdiocesan Assembly

The 2011 Annual Assembly for the Archdiocese of Washington, D.C. was held at St. Luke Orthodox Church in McLean, VA on Saturday, October 15, 2011. It was combined with a broader Diocesan Day meant to bring together parishioners from throughout the Archdiocese to worship together and to share a meal and fellowship. The day began at 9:00 with a Divine Liturgy with Metropolitan Jonah presiding. This was followed by a wonderful brunch provided by St. Luke Parish.

The formal Assembly meeting began at 12:20 pm and opened with a prayer led by His Beatitude Metropolitan Jonah. The key points and motions are summarized below.

Metropolitan's Address:

- Many great things are happening in the Archdiocese. We have the new Holy Archangels Mission in Annapolis. Christ the Savior in Delaware has bought a magnificent new property thanks to a very generous donor. Fr. Alexander Webster has taken over Christ the Savior in Stafford, VA after Fr. Michael Sekella retired. Fr. Constantine is doing a great job in his new position at St. Matthew in Columbia, MD. All Saints of North America Mission in Alexandria continues to grow – and has once again outgrown its facility and is now looking for property. We are still seeking to discern the will of the Holy Spirit for the Dean of St. Nicholas Cathedral.
- We (the Church) are moving towards the 16th All American Council. Because this is being held in Seattle, it will enable much greater participation from the Diocese of Alaska. Liturgy will be served everyday – with parts of the services conducted in the many of the 12 different languages used in the OCA today. The focal point for the AAC will be the Strategic Plan for the OCA. This will be of great value as we look at where we are going and how we are going to get there over the next 10 years. Another key issue to be discussed at the AAC is that of funding and what the role of the dioceses should be. For example, the Diocese of NY/NJ has proposed a resolution to cut the central assessment from its present value of \$105/member to a new value of \$50/member with the intent of enabling the remaining \$55/member to go to the dioceses to support their ministries. If this were to go through it would have radical consequences for the central administration and Syosett. Clearly there are a lot of things to be thought through.

- There has also been talk of transitioning the entire OCA to tithing. If done immediately this could have serious consequences for the central administration. Such a move presumes that the people would tithe to the parish, which in many cases is not happening. Before making such a transition, we need a lot more education on the giving back of our first fruits to the Lord from whence they came.
- In response to questioning about the financial statistics of our diocese, the diocesan treasurer (Michael Hydock) and the diocesan secretary (Fr. John Vitko) provided the following information.
 - Total # members for 2011: 956
 - Sum of all the parish incomes \$1,931,157
 - 10% of that total income \$193,157
 - Total central & diocesan assessments \$181,640

Thus on the aggregate, if we transition to a tithing system this would involve only \$11,517 more from the parishes. However, if viewed at the level of individual parishes, the effects would be greater on some and less on others – so this issue needs to be studied more carefully.

- In response to a question on relations with other Orthodox Churches in North America, His Beatitude stated that Episcopal Assembly process is still in its early stages – but at least everybody is getting together. Almost all the bishops agree that much greater coordination is needed but they can't yet agree on the how. We are still a long way from Orthodox unity. There is an intent to have a Great Council 18 months from now. If so, this will be the first such gathering of all the Orthodox Churches since the 7th Ecumenical Council in 787.

Chancellor's Report (Fr. Gregory Safchuk): Fr. Gregory began by thanking everyone for coming today, recognizing that each participant has many responsibilities. He then apologized for the inappropriateness of the scheduling of this meeting at this busy time of year and noted that we would be setting the date of next year's meeting later on today. He thanked Fr. John Vitko for trying to help keep things on track but noted that we still make promises and don't keep them. We are still relatively new in this, our second configuration as a diocese. So please give us your feedback throughout the year (we do respond to 'squeaky wheels').

Appointment of Clergy and Lay Chairs: His Beatitude appointed Fr. Gregory Safchuk and Barbara Rhennish as clergy and lay chairs of the Assembly.

Report of the Credentials Committee: Fr. John Vitko reported the following participation:

Clergy Delegates: 12; Lay Delegates: 15; Observers: 9 Total: 36

Approval of Minutes of the 2010 Annual Assembly:

Motion 1 (Thompson/Aleshin): that the Minutes of the 2010 Annual Assembly be accepted as presented. Motion passed.

Review, Amending and Approval of the Minutes of the 2010 Diocesan Council: because there was not a quorum at the 2011 Archdiocesan Council, the Minutes from the 2010 Archdiocesan Council were presented here for those present at that meeting to vote on.

Motion 2 (Fr. Buck/Thompson): Several small edits were proposed to tighten up the wording in the first two bullets of the Minutes. Motion passed.

Motion 3 (Thompson/Aleshin): that the Minutes of the Diocesan Council Meeting on November 22, 2010 be accepted as amended. Motion passed.

Treasurer's Report (Michael Hydock): The treasurer presented the Profit and Loss statement for the Archdiocese from January through December 2010 (See Appendix A). This P&L statement included substantial income from 2009. Adjusting the report in Appendix A to only reflect the income and expenses for 2010, we have

Total Income in 2010	56,979.85
Total Expenses in 2010	55,223.30
Forgiveness of 4 mos assessments for St. Matthew	(4,515.00)
Net Loss	2,292.67

In the present report, neither the income nor the expenditure of the central assessments is explicitly indicated. This transfer of funds is treated as revenue neutral and an indication is only made on the P&L statement if a parish did not pay its full assessment – in this case the transfer shows up as a negative since the archdiocese must still transmit it to the central administration. Fr. Ted Boback requested and the Treasurer agreed that beginning with the end of year report for 2011 the receipt of central assessments would be included under income and that the remittal of those assessments to the central administration would be included under expenses.

Next the treasurer presented the Profit and Loss statement for the Archdiocese from January through September 2011.

Total Income	58,900.67
Total Expenses	(55,082.13)
Unpaid Assessments	(4,060.00)
Net Income	2,758.54

The full Profit and Loss Statement for 2011 is given in Appendix B.

The 2010 Archdiocesan Assembly had called for the housing payments to be made to the Metropolitan and that he pay all the actual housing bills. However, subsequent examination revealed that the lease on the rental property was held in the name of St. Nicholas Cathedral. Given this, the treasurer did not pay the housing allowance to His Beatitude but instead paid all the housing bills directly. This practice will continue into the future.

The proposed diocesan assessment for 2012 will remain at its current level of \$85/member. The proposed budget for 2012 shows a:

Projected Income (950 members)	80,750.00
Proposed Expenses	<u>76,805.00</u>
Net Income:	3,945.00

The full budget is given in Appendix C. This budget will be updated when new membership census numbers are obtained at the end of the year.

Motion 4 (Thompson/Fr. Miclean): that the 2012 budget be approved as presented.
Motion passed.

Report of the Financial Committee (Michael Hydock): The 2010 Archdiocesan Assembly created a Financial Committee to look at future ways of funding the Archdiocese. As chair of that committee, Michael presented an analysis of the financial snapshot data that had been collected for each parish. That data and analysis is attached in Appendix D. As previously summarized, there are about 950 adult members in the Archdiocese. The sum of the central and archdiocesan assessments for all the parish represents is \$181,640 or 9.4% of the total income of the parishes in the Archdiocese. While on average we are close to tithing, a look at the assessments and incomes for individual parishes indicate such a transition will be more difficult for some (e.g. some of the missions) than for others. It was noted that there are a lot of variables that must be considered before transitioning to a proportional giving or tithing

model, e.g. do you or do you not exclude 'housing' from the income when determining how much to give. His Beatitude noted that "we're nowhere ready to make any changes".

Approval of the By-Laws: A draft set of By-Laws for the Archdiocese had been presented at the 2010 Annual Assembly. Upon subsequent review of these at the Oct. 1, 2011 Archdiocesan Council meeting several desirable amendments were identified. However, we could not meet the required deadlines for submitting these amendments in advance to the 2011 Annual Assembly. Therefore Fr. John asked that we pass the draft By-Laws as is, so that we have a legal framework under which to operate and that we amend them, as needed, at the 2012 Annual Assembly.

Motion 5 (Fr. Parsells/Fr. Buck): that the By-Laws be accepted as presented. Motion passed.

Some of the needed amendments in the future include:

- Establishing the quorum for the Annual Assembly
- Allowing for electronic means of communication
- Revising the composition/quorum for the Diocesan Council meetings to make it more workable – e.g. limiting clergy members to rectors only (not attached priests) and defining the quorum as having 50% or more of the parishes and missions represented.

Report of the Auditing Committee: The Auditing Committee, consisting of Michael Thompson, Deacon Patrick Gariano, and Ruth Stock, audited the archdiocesan financial records for January through December 2010 and found them to be a reasonable representation of the financial condition of the Archdiocese. The Report of the Auditing Committee can be found in Appendix E.

Ruth Stock submitted a proposed charter for the future activities of the Auditing Committee. It is given in Appendix F. Michael Thompson noted that we have to match the level of the audit to the level of the record keeping we have required of the treasurer and suggested that the Audit Committee sit down with the treasurer and work out what makes sense.

Ruth Stock also proposed the formation of an Ethics Committee to make recommendations to the Archdiocese on the behavior of its members. This proposal is given in Appendix G. One of the issues that Ruth cited was a website that made inappropriate statements. The site carried a disclaimer saying that while the site was not a parish website, it did reflect the views of certain members of that parish. His Beatitude responded by saying the people behind this website are no longer members of the OCA. Therefore Ruth urged the Archdiocese to take the necessary steps to get the disclaimer removed.

Appointment of Archdiocesan Officers: His Beatitude reappointed Fr. Gregory Safchuk as chancellor, Fr. John Vitko as secretary and Mr. Michael Hydock as treasurer.

Metropolitan Council Report (Fr. John Vitko): The Archdiocese's lay delegate to the Metropolitan Council, Rosalie Luster, will be moving to Ottawa, Canada and will no longer be able to serve in that capacity. Jim Karabin, the alternate lay delegate elected at the 2009 Assembly will complete the balance of the term which expires at the 2012 Archdiocesan Assembly.

Motion 6 (Fr. Vitko/Hydock): to commend Rosalie Luster for her years of service to the Archdiocese and to the Metropolitan Council. Motion passed.

Fr. John then summarized some of the Metropolitan Council's accomplishments over the past 3 years, including: greater interaction amongst the Metropolitan Council and the Holy Synod; implementation of many of the recommendations of the Special Investigative Committee; handling of lawsuits involving the OCA; greatly improved financial accountability and transparency and an annual budget that is now in the black; significant attention paid to sexual misconduct allegations and compliance; and the transfer of the Alaskan lands to the Diocese of Alaska. On-going challenges include improved understanding, trust and openness among the Holy Synod, Metropolitan, and Metropolitan Council; continued financial transparency and accountability; continued focus on sexual misconduct compliance; and implementation of the All American Council regarding the Strategic Plan.

Fr. Alexander Webster raised several concerns about the Metropolitan Council including the delay in posting of minutes and the fact that many of the sessions are conducted in Executive Session for which there were no public minutes. It was explained that those sessions were necessitated when detailed personal information was presented as in the discussion of legal matters.

All American Council (Metropolitan Jonah): please see the Metropolitan's Report at the beginning of these minutes for his update on the All American Council.

Update on the Strategic Plan (Fr. John Vitko): The development of a Strategic Plan was called for by the Special Investigative Committee and the 15th All American Council and blessed by the Holy Synod. The original purpose of the plan was to (1) review the organizational structure of the Church and (2) help the Church heal and focus on the future. In reaching out broadly to the Church, the Strategic Planning Committee received strong feedback from various diocesan assemblies to not address organizational issues at this time but instead to focus on the top priority ministries for the Church during the coming decade and to make them concrete and

actionable. This revised ‘charter’ was blessed by the Holy Synod. The current draft Strategic Plan has identified 10 such priority ministries, including: developing healthy, growing Christ-centered parishes; improving leadership and management skills training for clergy and lay leaders; better equipping our Church for the ministry of evangelization; addressing contemporary cultural, social, and moral issues, and more fully involving our youth and young adults in the life of the Church. Further refining and developing these goals and building the human networks needed to begin implementing them will be a major focus of the upcoming All American Council. If the All American Council approves pursuing the plan, implementation will begin immediately with the human networks coming out of the AAC forming the core of implementation teams around each of the goals and with the Metropolitan Council forming a Post-Conciliar Commission to oversee the implementation of the Strategic Plan.

Mission Board (Fr. Mark Koczak): The newly formed Archdiocesan Mission Board has three key objectives:

1. to support and develop camaraderie amongst the missions;
2. to advise His Beatitude and the Archdiocesan Council on developing missions in this Archdiocese; and
3. to review what’s going on in the missions

Fr. Mark invited all those who had volunteered for this Board at the 2010 Assembly and any others interested in this important area to work with him in implementing this charter during the coming year.

Compassion in Action (Donna Karabin): The 2010 Archdiocesan Assembly identified Compassion in Action (CIA) as a potential archdiocesan outreach activity and called for a CIA retreat during Lent. That retreat was held at St. Mark and was highly successful with some 32 participants representing 7 of the parishes in the Archdiocese, as well as from the Greek Archdiocese. Since that time, the CIA leads have completed the development of their introductory parish level materials. These materials guide the parishes through a lot of pre-ministry preparation and a lot of discernment as to the specific ministry they should undertake. Not only will the individuals receiving the care benefit, but the care giver will be transformed and through them the parish will be transformed. While these introductory materials are now ready for parishes some additional work needs to be done to tailor them to dioceses.

Diocesan Veteran’s Guild (Fr. Mark Koczak): Fr. Mark, as a former Navy chaplain, is the Archdiocesan coordinator of this newly formed Guild. The Guild is an outgrowth of the role of St. Nicholas Cathedral as the National OCA War Memorial Church and seeks to honor our veterans both living and departed and to provide a forum for veterans and their supporters to interact. George Nartsissov, Commander of the St. Nicholas Guild, has developed an excellent

quarterly publication entitled the Orthodox Veteran's Connection. An Archdiocesan Veterans event will be planned in association with Veteran's Day in 2012.

Training on Matters Relating to Sexual Misconduct (Michael Herzak): The goal of this session was to give delegates a plan that they could take back to their parish, workers and children. The Orthodox Church is not immune to sexual misconduct issues. The Greek Archdiocese, the Antiochian Archdiocese and the OCA have all had issues. Nationwide, the statistics are frightening: 1 in 4 females and 1 in 7 males will be molested before their 18th birthday. GuideOne, an insurer of churches of all denominations including the OCA, experiences 15-20 sexual misconduct claims per month. 55% of the alleged offenders are pastors and paid staff; 20% volunteers, and only 5% strangers.

The key, both pastorally and legally, is to take all reasonable and prudent actions. A useful checklist along these lines is to:

- screen all employees and volunteers
- train all employees and volunteers
- clearly define reporting procedures
- make sure that the workers understand the state law
- have procedures in place to deal with allegations should they arise
- have insurance

Each parish should have a written plan in place that they follow. Items to address include:

- Worker selection – e.g. must be coming to the parish for 6 months or more; actually recommends a 12 month rule;
- Written application process for all who work with youth – listing previous child duties
- Personal interview
- Check and document references
- Conduct a criminal background investigation every 3-5 years (both national and local – half the 'hits' come from outside the area)
- Provide adequate supervision:
 - 2 adult rule or/and door with window or open door
 - Special considerations – e.g. when counseling a child have written consent from the mother;
 - Address the situation of taking children to the bathroom
 - Address the situation of 'lock-ins' – perhaps having a check-in, check-out registry like a day care
- Know who are the mandatory reporters and their reporting obligations

- Know your state laws
 - How does the state define child abuse
 - Who are the mandatory reporters
 - What are the clergy-penitent privileges
 - How should you report any suspected abuse (locally? National hotline?)

Additional information can be found at safechurch.com and/or guideone.com

Date for the Next Archdiocesan Assembly: to minimize the chance for conflicts with parish festivals and other events, the next Archdiocesan Assembly will be held on Saturday, Sep. 22, 2012. The format (just the Assembly or Diocesan Day and Assembly) and the venue will be determined at a later date.

Election of Clergy Member of the Auditing Committee: Fr. Tim Perry agreed to be nominated for a 3 year term as the clergy member of the Auditing Committee. He was elected by acclamation.

Motion 7 (Thompson/Laymon): move to adjourn the Archdiocesan Assembly. Motion passed.

The Assembly adjourned with a prayer at about 5:20 pm and was immediately followed by Great Vespers.

APPENDIX A: Archdiocesan Profit and Loss Statement for 2010

	<u>Jan - Dec 2010</u>
Ordinary Income/Expense	
Income	
Assembly09	
Observers	595.00
Parish registration	1,100.00
Total Assembly09	<u>1,695.00</u>
Income	
Assessments 10	56,979.85
Assessment 09	46,327.47
Total Income	<u>103,307.32</u>
Total Income	105,002.32
Expense	
Missions	
OCF	3,000.00
Christ the Savior, VA	6,000.00
Christ the Savior, DE	6,000.00
All Saints of N. America	1,200.00
Total Missions	<u>16,200.00</u>
Administrative	
Miscellaneous	45.76
Banking charges	119.30
Printing, Copying	364.79
Postage, Mailing Service	10.98
Supplies	31.77
Telephone	563.70
Insurance - Liability	1,632.00
Total Administrative	<u>2,768.30</u>
Operations	
professional services	255.00
Housing Allowance	
Housing Allowance	36,000.00
Total Housing Allowance	<u>36,000.00</u>
Total Operations	<u>36,255.00</u>
Total Expense	<u>55,223.30</u>
Net Ordinary Income	49,779.02

Other Income/Expense**Other Income, OCA assessments**

N. American Saints	0.00
Other Pass Thru	
Christ the Savior, DE	0.00
St. Matthew	(4,515.00)
Ss. Cyril & Methodius	0.00
All Saints N. America	0.00
St. Catherine, Hagerstown	0.00
Holy Trinity, Reston	0.00
St. Nicholas Cathedral	0.00
St Luke, McLean	0.00
St. Andrew, Baltimore	0.00
Christ the Savior, Stafford	0.00
St Mark, Bethesda	0.00
Total Other Pass Thru	<u>(4,515.00)</u>
Total Other Income Gain/(Loss)	<u>(4,515.00)</u>
Net Other Income	<u>(4,515.00)</u>
Net Income	<u><u>45,264.02</u></u>

APPENDIX B: Archdiocesan Profit and Loss Statement for 2011 (year-to-date)

	<u>Jan - Sep 11</u>	<u>Annual Budget</u>
Ordinary Income/Expense		
Income		
Income		
Assembly10		
observer	455.00	
registration	<u>1,170.00</u>	
Total Assembly10	1,625.00	
Assessments 11	<u>57,275.67</u>	<u>78,993.33</u>
Total Income	<u>58,900.67</u>	<u>78,993.33</u>
Total Income	58,900.67	78,993.33
Expense		
Missions		
OCF	0.00	3,000.00
Annapolis Mission	3,750.02	5,000.00
Christ the Savior, VA	3,750.03	5,000.00
Christ theSavior, DE	3,750.03	5,000.00
All Saints of N. America	<u>3,750.03</u>	<u>5,000.00</u>
Total Missions	15,000.11	23,000.00
Administrative		
AAC Metropolitan Council	0.00	2,500.00
Miscellaneous	105.90	250.00
Banking charges	63.63	100.00
Printing, Copying	136.91	250.00
Postage, Mailing Service	88.00	100.00
Supplies	0.00	400.00
Chancellor Travel	622.40	1,000.00
Metropolitan Council	400.73	600.00
Insurance - Liability	<u>3,016.73</u>	<u>3,270.00</u>
Total Administrative	4,434.30	8,470.00
Operations		
Assembly	1,287.51	
Episcopal		
Pension Housing benefit	1,620.00	2,160.00
Discretionary	0.00	500.00
Chrism	<u>0.00</u>	<u>200.00</u>
Total Episcopal	1,620.00	2,860.00

Housing Allowance		
Property Insurance	0.00	171.00
Repairs	0.00	1,500.00
Fuel Oil	0.00	3,400.00
Water	341.98	500.00
gas	169.11	235.00
Electricity	1,341.22	2,200.00
Telephone & Internet	887.90	780.00
Housing Allowance	24,000.00	36,000.00
Housing Allowance - Other	3,000.00	
Total Housing Allowance	<u>29,740.21</u>	<u>44,786.00</u>
Total Operations	<u>32,647.72</u>	<u>47,646.00</u>
Total Expense	<u>52,082.13</u>	<u>79,116.00</u>
Net Ordinary Income	6,818.54	(122.67)
Other Income/Expense		
Other Income, OCA Assessments		
Other Pass Thru		
Christ the Savior, DE	(1,531.25)	
St. Matthew	(2,170.00)	(2,170.00)
Ss. Cyril & Methodius	(96.25)	
All Saints N. America	0.00	
St. Catherine, Hagerstown	0.00	
Holy Trinity, Reston	0.00	
St. Nicholas Cathedral	0.00	
St Luke, McLean	0.00	
St. Andrew, Baltimore	0.00	
Christ the Savior, Stafford	(262.50)	
St Mark, Bethesda	0.00	
Total Other Pass Thru	<u>(4,060.00)</u>	<u>(2,170.00)</u>
Total Other Income	<u>(4,060.00)</u>	<u>(2,170.00)</u>
Net Other Income	<u>(4,060.00)</u>	<u>(2,170.00)</u>
Net Income	<u>2,758.54</u>	<u>(2,292.67)</u>

APPENDIX C: Proposed Archdiocesan Budget for 2012

	Budget 2012 approved
Assessment= \$ 85.00 October 15, 2011	
Ordinary Income/Expense	
Income	
Income	
Assessments 2012 (950 members)	80,750.00
Total Income	80,750.00
Expense	
Missions	
OCF	3,000.00
Christ the Savior, VA	5,000.00
Christ the Savior, DE	5,000.00
All Saints of N. America	5,000.00
Annapolis mission	5,000.00
Total Missions	23,000.00
Administrative	
Miscellaneous	250.00
Banking charges	100.00
Printing, Copying	250.00
Postage, Mailing Service	100.00
Supplies	250.00
Chancellor Travel	1,500.00
Metropolatin Council	1,000.00
AAC, Metropolitan Council	0.00
Insurance - Liability umbrella	3,270.00
Total Administrative	6,720.00
Operations	
Episcopal	
Pension housing benefits	2,160.00
Discretionary	500.00
Chrism	200.00
Total Episcopal	2,860.00
Housing Allowance	
Repairs	1,500.00
Water	600.00
Gas	325.00
Electricity	3,400.00
Telephone & internet	2,400.00
Housing allowance	36,000.00
Total Housing Allowance	44,225.00

Total Operations	<u>47,085.00</u>
Total Expense	<u>76,805.00</u>
Net Ordinary Income	<u><u>3,945.00</u></u>
Other Income/Expense	
Other Income	
Other Pass Thru	0.00
Total Other Pass Thru (net)	<u>0.00</u>
Total Other Income	<u>0.00</u>
Net Other Income	
Net Income Gain/(Loss)	<u><u>3,945.00</u></u>
AAC Diocese assessment (not bugted)	
DAA per member= 85.00	

<u>2011 Parrish Census</u>	
<u>Archdiocese of Washington</u>	<u>2011 Members</u>
Holy Archangels Orthodox mission	
All Saints of North America, Alexandria	21
Christ The Savior, DE	35
Christ the Savior, VA	30
Holy Trinity, Reston	34
St. Andrew, Baltimore	100
St. Catherine, Hagerstown	40
St. Cyril & Methodius, Fairfax	11
St. Luke, McLean	52
St. Mark, Bethesda	211
St Matthew, Columbia	124
St. Nicholas, Washington	<u>292</u>

Parishes ---Total
Members= 950

APPENDIX D: Analysis of the ‘Financial Snapshot’ data as it bears on a possible transition to tithing

Parish, Dec. 2010	Census	Income	10 %of Income	Assessme nt OCA + diocese at \$190 Per	Difference total tax less 10%
All Saints of N. America	21	75,000	7,500	3,990	-3,510
Annapolis Mission	6	24,470	2,447	1,140	-1,307
Christ the Savior, Stafford	30	70,154	7,015	5,700	-1,315
Christ the Savior, Dagsboro	35	51,760	5,176	6,650	1,474
Holy Trinity, Reston (2009 da	34	72,000	7,200	6,460	-740
St. Andrew, Baltimore	100	159,200	15,920	19,000	3,080
St. Catherine	40	70,000	7,000	7,600	600
Ss. Cyril & Methodius	11	10,000	1,000	2,090	1,090
St. Luke, McLean	52	132,000	13,200	9,880	-3,320
St. Matthew, Columbia	124	317,612	31,761	23,560	-8,201
St. Mark, Bethesda	211	373,950	37,395	40,090	2,695
St. Nicholas, Wash. D.C.	292	575,425	57,543	55,480	-2,063
TOTALS	956	1,931,571	193,157	181,640	-11,517

APPENDIX E: Report of the Auditing Committee for Year 2010

(to be provided by Fr. Gregory – he has the signed copy)

APPENDIX F Recommended Charter for the Audit Committee (Ruth Stock)

To: The Diocesan Council
From: Ruth Stock
Date: October 15, 2011

I present below an AUDIT COMMITTEE PROPOSED CHARTER and recommendations for an ETHICS COMMITTEE.

AUDIT COMMITTEE PROPOSED CHARTER

[adapted from <http://www.freechurchaccounting.com/churchaudit.html>]

An audit should:

Independently verify the reports of the treasurer(s);

Follow the funds and see if proper steps are being taken in handling them.

Document that donated funds have been used as stipulated by the donors.

In addition to tracking the cash through the system, an auditor typically will evaluate:

Accounting controls (systems that reduce the possibility of loss or errors);

Segregation of duties (assurances that more than one person is involved in critical steps in handling money so that there can be checks and balances);

Reasonableness of systems and procedures in the light of all factors, including the size of the organization and its budget;

Adequacy of insurance coverage;

Records that show donors' stipulations for the use of contributions made to your organization.

What is an internal audit

An internal audit consists of selected auditing procedures performed by individuals inside your organization rather than by an outside CPA.

Internal audits can be a very cost effective means of improving the organization's system of internal controls without the expense of a full scope outside audit.

What is the purpose of a internal audit? The purpose of many of the internal audit procedures are to ensure that the organization's system of [internal controls](#) are operating as intended.

Who can perform an internal audit?

Generally, a person(s) who is "qualified" to perform an internal audit will have some experience with accounting principles, such as those gained through bookkeeping, office management, or accounting courses.

The person(s) must have the time to devote to the internal audit as it is quite a lengthy process. See an [internal checklist guideline](#). Internal Audit Checklist:

FINANCIAL STATEMENTS

Are monthly financial statements prepared on a timely basis and submitted to the church board or appropriate person or committee?

Do the financial statements include all funds (unrestricted, temporarily restricted, and permanently restricted)?

Are account balances in the financial records reconciled with amounts presented in financial reports.

CASH RECEIPTS

Are cash handling procedures in writing?

Are all funds promptly deposited? Compare assessment receipt records with bank deposits.

Are donations for restricted purposes properly recorded in the accounting records?

Are restricted funds held for the intended purpose(s) and not spent on operating needs?

DONATION RECORDS/RECEIPTING

Are individual donor records kept as a basis to provide donor acknowledgments for all contributions?

If no goods or services were provided (other than intangible religious benefits) in exchange for a contribution, does the receipt include a statement to this effect?

If goods or services (other than intangible religious benefits) were provided in exchange for a contribution, does the receipt inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of the amount of any money and the value of any property contributed by the donor over the value of the goods and services provided by the organization, and provide the donor with a good faith estimate of the value of such goods and services?

Although not required by the IRS, has your organization adopted a policy of issuing an annual contribution report to donors listing each donation?

CASH DISBURSEMENTS

Are all disbursements paid by check or electronic transfer?

Is written documentation available to support all disbursements?

Are pre-numbered checks used? Account for all the check numbers including voided checks?

BANK STATEMENT RECONCILIATION

Are written bank reconciliations prepared on a timely basis? Test the reconciliation for the last month in the fiscal year. Trace transactions between the bank and the books for completeness and timeliness.

Are the bank reconciliation reports signed and dated?

Are there any checks that have been outstanding over three months?

ACCOUNTS PAYABLE

Is there a schedule of unpaid invoices including vendor name, invoice date, and due date?

Are any of the accounts payable items significantly past-due?

Are there any disputes with vendors over amounts owed?

INSURANCE POLICIES

Is there a schedule of insurance coverage in force? Reflect effective and expiration dates, kind and classification of coverages, maximum amounts of each coverage, premiums, and terms of payment.

Is Workers' Compensation insurance being carried if your state requires it?

INCORPORATION FILE

(This checklist is adapted from Citizen Media Law Project, Forming a Nonprofit Corporation in the District of Columbia at <http://www.citmedialaw.org/legal-guide/district-columbia/forming-nonprofit-corporation-district-columbia> obtained October 10, 2011)

The corporation name and address are correct and as stated in the Articles of Incorporation. The director names and addresses are correct. The Articles of Incorporation are filed with the Department of Consumer and Regulatory Affairs.

The copy of the Bylaws (final and on paper) is kept at the nonprofit corporation's principal place of business.

Review the minutes of the organizational meeting including the date and who attended.
Review the records book. Review the IRS letter of determination and the Basic Business License. Review the DC Tax Exemption if applicable.

Ensure that the Nonprofit Two Year Report is filed

Non-profit corporations inclusive of domestic or foreign corporations that register or commence conducting business during any given date of a year must file two-year report by January 15th the very next year and every two years thereafter.

The report must be filed by the President, the Secretary, or the Treasurer, or their assistant.

The BRA-28 is available in PDF Format at

http://dgs.dc.gov/DC/DCRA/Publication%20Files/DCRA/Corporations/New%20Corporations%20Forms/New%20NonProfit%20Forms/TwoYear_Report_Dom_For_NonProfit_Corp_BRA_28.pdf

After the audit of April 2010 to December 2010 was completed, information was revealed regarding forgiving assessments (both DAA and CAA for both FY 10 and FY 11) for certain members (see minutes of the November 2010 council meeting). Since this was not known by the audit committee, the committee did not evaluate the representation of the forgiveness of the assessments on the profit and loss statement for FY 10 presented at the last diocese meeting or the profit and loss statement for FY 11 posted on the website at <http://wdcoca.org/files/documents/Archdiocesan-Budget-for-2011---FINAL.pdf>.

APPENDIX G: Recommendation to form an Ethics Committee (Ruth Stock)

Although outside the scope of a financial audit I recommend forming an ethics committee to make recommendations for the Archdiocese regarding behavior of members. I am concerned that some of our members maintain a web site at [url] having the following information.

[selected content from site]

In my opinion, the information must be removed as an act of love. An ethics committee could be empowered to make such a recommendation for the Diocesan Council to make their opinion known by formal correspondence with the site owners (who claim to be members of this Archdiocese).
