

Report of the Treasurer 2002-2005

Your Beatitude, Your Eminences, Your Graces, Clergy, Lay Delegates, Observers and Guests:

You have had the chance to review the financial report for the past triennium. I would like to simply highlight and expand upon a few items from that report and then Archpriest Stavros Strikis, the comptroller of The Orthodox Church in America, and I would be happy to answer any questions you may have.

The Budget Process

It has been suggested that the budget process of The Orthodox Church in America should be changed from the current process, which is established by rule of The Statute of the Orthodox Church in America and confirmed by the Holy Synod of Bishops. Some feel that a fifteen-page, hundreds-of-lines document might be better served by having 600 delegates to the All-American Council review it line-by-line for eventual editing and approval. This idea is simply not feasible.

The current system, in use for over thirty-five years, ensures accountability and input from every level of the Church. The financial officers of the Church begin the development of a budget outline, the Church Administration formalizes the budget, the Holy Synod of Bishops reviews the document, and the Metropolitan Council studies, amends, and approves the annual budget, which is then distributed to the Holy Synod. Each diocese has clergy and lay representation on the Metropolitan Council. Since the original drafting of the Statute, the role of the All-American Council has been to approve the funding method of the operating budget, not the budget itself.

To improve this system we are happy to announce that, beginning with the 2006 Operating Budget of The Orthodox Church in America, we will add the following layers to the process:

1. We will post the approved line-by-line budget on The Orthodox Church in America web site.
2. A working draft of the next year's budget will be distributed to each Metropolitan Council member no later than thirty days before the meeting at which the budget will be discussed. Those diocesan representatives will be encouraged to discuss the budget with their diocesan councils and to offer feedback to the Church Administration.
3. We will publish on the web site the internal auditor's statement of the veracity of the financial records of The Orthodox Church in America.

The Last Triennium

The Fair Share per capita equivalent of \$85.00 proved to be adequate only for the year 2003. The decision to maintain the same number for 2004 and 2005 is a major factor for the cash flow problem that is presently being experienced by the Church. It would have been better to follow the financial strategies of most of our dioceses by increasing the per capita equivalent for the years 2004 and 2005 by at least the cost-of-living index.

We believe that the Fair Share presentation to this All-American Council to support the work of The Orthodox Church in America for the next triennium is the next step in moving from an antiquated

and ineffective system of financial support to one that has as its ultimate goal “first portion” percentage giving, a system not only biblical, but proven extremely effective.

A Look at the Last Three Years

Despite large reductions in planned spending, the inadequacy of voluntary gifts by individuals and the leveling off of FOS gifts over the past three years have led to a substantial deficit for the Orthodox Church in America. For the triennium, our deficits totaled 1.9 million dollars.

Several factors account for this three-year deficit. We were left with a huge deficit from the last All-American Council for the following reasons:

- 1) The rate of assessment for the 2002 council expenses remained the same as it was in 1999;
- 2) The Preconciliar Commission had to redo all of its plans (hence additional meetings) with the announcement of the retirement of His Beatitude, Metropolitan Theodosius;
- 3) The size of the council doubled with the announcement of the election of a new Primate; and
- 4) The cost of the enthronement of the new Primate was greater than originally planned due to the fact that most, if not all, of the Orthodox Churches throughout the world had representatives at the enthronement.

Other factors contributing to the deficits:

- A computer systems enhancement at the Chancery office over the past three years.
- A three-year Chancery building maintenance project continues.
- Extraordinary expenditures in the areas of Inter-Orthodox and Ecumenical affairs due to the many responsibilities that are placed on The Orthodox Church in America in the areas of national and international Orthodox relations as well as ecumenical and governmental concerns.
- The return of the Tikhvin Icon of the Mother of God to Russia added additional and unanticipated expenses for 2004.
- Two automobiles were purchased for Chancery use in 2004, a sedan and a sports utility vehicle. This purchase replaced vehicles that were six years old and completely worn out.

It must be noted, however, that in 2003 and 2004, spending was below what was planned. If income had matched expectations, there would have been no deficits in 2003 and 2004.

Several steps were taken to deal with the deficit:

1. A line of credit was established with Commerce Bank to pay the outstanding bills of the 13th All-American Council and the Enthronement Ceremonies of our new Metropolitan.
2. With the approval of the Church Administration of the Metropolitan Council, we have borrowed monies from ourselves to defray expenses. All borrowed monies are accounted for and are being repaid to the Church.

3. The Fair Share proposal being presented to this 14th All-American Council includes deficit payment and repayment funds. It also must be said, however, that the Fair Share proposal you are about to discuss will not appreciably expand programs or administration. It will only allow us to do what we had hoped to do three years ago without deficits. In other words, it will simply be maintenance.

Conclusion

Due to my new assignment as Rector of St. Nicholas Church in Bethlehem, Pennsylvania, the responsibilities of that position, and the great amount of distance between there and Syosset, I will be unable to continue as an officer of the Church. Therefore my position as treasurer of the Church comes to a close at the end of this 14th All-American Council.

I would like to thank my coworkers at the Chancery for their work ethic and dedication to The Orthodox Church in America. Every full-time person at the Chancery fulfills not only the responsibilities of his or her position, but also assumes additional responsibilities in order to meet the demands of the Church. This is also the case with many of the part-time positions. The standard-bearer of this awesome work ethic is none other than our Chancellor, Protopresbyter Robert Kondratich. His workday begins at 6:00 A.M. each morning as he accepts calls at his home, continues while he travels to the Chancery, and never ends before 6:00 P.M. And when you take into consideration the additional number of days he's away from the office and his family on domestic concerns of dioceses, individual parish celebrations of all types, and international affairs of the Orthodox Church in America, you only stand in amazement at what he accomplishes for the good of the Church.

Your Beatitude and Father Bob, I thank you for the opportunities you have given me over the years to be of service to the Church. I can only hope that I have in some small way lived up to your expectations of me. I ask for your blessing and your prayers as I continue in service to the Lord as a parish priest.

Respectfully submitted,

Archpriest Dimitri Oselinsky, Treasurer
The Orthodox Church in America

Fair Share Presentation

Your Beatitude, Your Eminences, Your Graces, Clergy and Lay Delegates, Observers and Honored Guests:

The Orthodox Church in America central administration and program budgets have been insufficiently funded for years — almost *never* adequately funded. This has led to a difficult existence, as we risk deficits due to lack of adequate income. As the Church in America, our responsibilities as an autocephalous Church demand certain unavoidable expenditures. You have just heard from the Treasurer of the Church that we must plan deficit reduction and repayment of borrowed funds.

With the implementation of the Fair Share resolution of the 13th All-American Council, the Council felt assured that we would be able to adequately fund the Church's budget. But after various discussions at the 13th All-American Council concerning the total amount of budgeted income, we agreed upon a per capita equivalent, *de facto* keeping in place the same system that has contributed to our current difficulties. Second, we immediately budgeted up to the maximum allowed by our income, instead of gradually building to it, limiting budget spending and allowing for an annual increase. When we apportioned by Fair Share the maximum amount to the dioceses, the reported supporting membership again declined; we actually are receiving *less* in budgeted income in 2005 than was received in 2002. This has been aggravated by the fact that annual, voluntary and development giving have fallen far short of the yearly budgeted amounts. Both of these factors present a great challenge in meeting the annual budget needs of the Church.

The All-American Council is entrusted with determining the method of funding for The Orthodox Church in America. The Holy Synod and Metropolitan Council are entrusted with approving and implementing the budget. As we consider what amount to apportion through Fair Share to the dioceses at the 14th All-American Council, we must understand that if a normal cost-of-living increase had been implemented each year, we would have gone from the equivalent of an \$85 per capita in 2003 to \$88.00 in 2004, and to \$91.00 in 2005 (approximately 3.3% per year). Therefore, what we would be discussing now would be the *equivalent* of a per capita increase from \$91.00 to \$105.00. All figures are rounded up to the nearest dollar. There has been no raise at all in the annual Fair Share to The Orthodox Church in America, but, in order to meet its own budgetary needs, virtually every diocese at some point has increased its annual assessment at a minimum of the rate of inflation.

We must also be prepared to answer the questions of the average parishioner. What are we doing that inhibits Church growth? How can we fund those structures, organizations, and services that are provided at all levels of Church life? There are answers to all these questions; but these questions must be answered if we expect the average parishioner to continue funding the work of the Church. The Chancery staff and financial officers of the Church strive to do this every day. It must also be noted that in addition to those paid staff, there are 242 *volunteers* who assist with the work of the departments, boards and commissions of the Church.

It is very clear that, on a grass-roots level, the average parishioner has no problem whatsoever in supporting the Church, but is of the opinion that a "fair share" program of funding in which not all members of The Orthodox Church in America share equitably in the funding responsibilities is not "fair" at all. This opinion is widely held and is nothing new. However, the solution to this difficulty

lies not in irresponsibly demanding no further Christian stewardship to the Church by those already participating in the fair share program. The answer lies in patiently encouraging, inspiring and educating those others in raising the commitment of their stewardship in time, talent and treasure to The Orthodox Church in America. As a pastor, I would not look at two of my parishioners — one exercising sound, responsible Christian stewardship; the other not offering much stewardship at all — and expect the good steward to freeze the offerings given. I would encourage that steward to continue to be as generous in all areas as possible, because it doesn't matter what the other is doing and God commands us to give generously. But I would then gently try to lead the other parishioner to a greater awareness of the blessings God has bestowed and encourage realistic, generous stewardship on his or her part.

In addition, the proposal for the 14th All-American Council can be looked at in an historical context. The amount of \$2,600,000 contributed annually requested of the dioceses of The Orthodox Church in America participating in fair share is the minimum needed for the Church to offer its services and fulfill its responsibilities. If we look at that figure historically using the actual spending power of the 2004 dollar as our benchmark (the last benchmark available), we can see that the Church has been funded inadequately for several years. In the year of our autocephaly (1970), we actually received more in “real dollars” for the funding of the Church than we are *asking* for in 2006. *We have actually expected the Church to get by on less and less over the past thirty-five years, while expecting more and more in programs and administration!* To simplify the figures, this is what we need(ed) presented as a per capita and what we actually *received* in bold (all figures are in 2004 dollars).

| 2004 | 2000 | 1990 | 1970 | 1960 |
|--------|-------|-------|--------------|-------|
| 104.59 | 95.39 | 72.38 | 21.44 | 16.42 |
| 85.00 | 62.50 | 57.80 | 24.39 | 6.37 |

Put another way, the figure in 1970 is equivalent to \$119.02 today. In addition, back in 1970, before everyone started getting concerned about just who a “supporting member” was, the OCA received support from approximately 37,000 adults. In today's dollars, that would equate to support of about \$4.4 million! Even understanding that there are more dioceses (hence, structures) to support today, the most anyone would be asked to support for both the diocese and the Orthodox Church in America together is equivalent to \$180.00 per capita — \$15.00 per month.

We can also look ahead to see how time and inflation erode the resources we do give the Church. Again using the 2004 dollar as the constant, it is estimated that to maintain the same “buying power” of the \$2,600,000.00 we receive in 2006, we will need \$2,779,400.00 in 2007 and \$2,844,400.00 in 2008. We anticipate that we can close that “spending power gap” with annual and voluntary giving and through thoughtful budgeting. However, without increased funding now to allow full-time attention to these areas, the closing of this gap cannot be anticipated and the deficits with which we are currently struggling may be aggravated.

Although we are moving away from the understanding of Church support as a “per capita” commitment, it must be noted that the increase in funding is minimal even if viewed that way. The increase equals approximately:

- \$20.00 per year or 39 cents per week. Not per day. Per *week*.
- The yearly total of support requested for the Church in this proposal is the equivalent of about 42 gallons of gasoline, [at current July 2005 prices] or about three or four fill-ups of the average vehicle.

- The average person can fund both the Church and the diocese for THREE MONTHS with the average amount paid for ONE MONTH of cable TV.

If every parish of The Orthodox Church in America simply put diocesan and central fair share support as a line item in the budget, every parishioner would come to view these expenses as simply what it “takes to run the Church.” The financial officers of the Church, the Chancery staff, and the Department of Stewardship stand ready, willing, and most importantly, able to assist any diocese, deanery, parish, or stewardship committee having difficulty in this area.

It is clear that development and voluntary giving must be grown quickly. We hoped for a Director of Development after the past All-American Council, but the position was cut in the face of the deficits. We hope to establish the Order of St. Raphael, seeking generous annual donors to the Church. We have no one to handle the very specialized area of grants. SCOPA recently received a \$300,000.00 grant from the Farah Foundation to establish an Office of Development! What are we trying to do? St. Vladimir’s Seminary also received a grant from the Farah Foundation to update their computer and technological infrastructure. What are we doing? We must invest in these areas seriously and quickly to ensure the viability of our Church structure and the many services it is able to provide to hierarchs, clergy, and faithful on all levels. As mandated by the 1995 All-American Council, our “fair share” should be used to fund the administration of the central Church. Actually, more than a small amount of the fair share goes toward the programs of the Church.

Look at all the young people here in Toronto this week. I was reunited with Christina Jannakos this week, a lovely young lady; the daughter of Fr. Paul and Michelle Jannakos. I held her in my hands and placed her in the baptismal waters almost twenty years ago! She is still here in the Church — dedicated, prayerful, active. We owe it to her and the other young people like her to hand over the Bride of Christ without spot or blemish.

- Finally, beloved brothers and sisters in Christ, please remember that giving offerings to support the work of the Church — both programs and administration — is biblical.
- From the Old Testament Levitical laws commanding the tithe,
- to the wisdom of the Psalms,
- through the prophets,
- by the words of our Lord Himself,
- and by the teaching of the holy Apostle Paul, offerings are viewed as essential to our being Christian and for the working out of our salvation.

We have heard comments and even arguments this week about spending — percentages of this and percentages of that. We can argue all we want about spending — everyone has an opinion of the best places to allocate our resources. Elect new members of the Metropolitan Council if you don’t like the way money is used. But this measure is not about spending; it’s about giving. And God simply commands us to give.

YOU CAN’T OUTGIVE GOD. What we give is multiplied, blessed and returned to us. What we hold onto is ultimately lost anyway.

Proposals Reviewed by the Metropolitan Council

At the request of the Holy Synod of Bishops, multiple proposals were presented to the Metropolitan Council at its meeting on April 16, 2005. We must note that the annual support needed from the dioceses for the day-to-day operation of the central administration of The Orthodox Church in America is \$2,710,000.00. *All the proposals hope that increased annual and voluntary giving will lead to reduced Fair Share amounts in the future.*

Before the Metropolitan Council reviewed and voted upon the various proposals, each proposal was forwarded to all the bishops for comment, direction and suggestions.

This proposal was unanimously adopted by the Metropolitan Council and reviewed once more by the Holy Synod of Bishops.

FAIR SHARE PROPOSAL

(Adopted 4/16/2005 by the Metropolitan Council)

RESOLVED: That the amount of income support each year (2006, 2007, 2008) be \$2,600,000.00. This amount will be apportioned out to the territorial dioceses of The Orthodox Church in America using a formula of The Orthodox Church in America membership percentage (i.e., if your diocese is 15% of the supporting diocesan membership of The Orthodox Church in America, it will be asked to support 15% of the fair share income amount).

Parishes shall forward to their diocesan treasurer the reported financially supporting membership number no later than September 30th of each year. The diocesan treasurer shall forward to the OCA Treasurer the diocesan reported financially supporting membership no later than October 15th of each year. That figure shall be used to recalculate the fair share for the following January 1st.

These amounts to be apportioned will not be raised. If membership changes, the amount will be a different proportion for each diocese. Each diocese shall forward one-twelfth of their respective fair share amount to the OCA Chancery no later than the 15th of each month.

FAIR SHARE (NON-FAIR SHARE DIOCESES)

The Primate of the Church will request dioceses that do not participate in the fair share support of the Orthodox Church in America to raise the support they do send (\$74,000.00 actual in 2004) to:

2006: \$110,000.00

2007: \$120,000.00

2008: \$130,000.00

ANNUAL GIVING/DEVELOPMENT

In order to reduce the dependency of the Orthodox Church in America on the mandatory, imposed fair share on dioceses and members of the Church for budgetary funding, a concentrated effort shall be made to build the annual, planned, and development giving to the Church. A full-time Director of Development will work with the Director of the Fellowship of Orthodox Stewards to strive to meet the following income goals:

2006: FOS, \$400,000.00 DEV, \$450,000.00 2008: FOS, \$450,000.00 DEV, \$650,000.00

2007: FOS, \$430,000.00 DEV, \$550,000.00

In the event that annual and development giving exceed these annual goals, the fair share amount for the supporting dioceses of The Orthodox Church in America shall be reduced in the following year by an amount equivalent to the excess raised. For example, if annual/development giving in 2006 totals \$900,000.00 (+\$50,000.00), the fair share amount for 2007 will be reduced by \$50,000.00 (making it \$2,550,000.00).

Respectfully submitted,

Archpriest John Dresko
Preconciliar Commission