

**Address of His Beatitude, Metropolitan HERMAN  
to the 2008 Spring Session of the Metropolitan Council**

**Chancery of the Orthodox Church in America Syosset, New York**

**March 31 - April 2, 2008**

Venerable Fathers, Brothers and Sisters in Christ, Members of the Metropolitan Council:

Yesterday we celebrated the Sunday of the Holy Cross. We lift the Cross up as our symbol of victory, a mark of the great triumph of life over death. However, we would be negligent if we did not also recognize that the Cross was an instrument of the Passion. "Through the Cross, joy has come into the world," we sing at Pascha. It is not instead of a Cross that we find joy, but through the Cross. As we gather for this meeting of the Metropolitan Council, we will discuss issues that are challenging and difficult. We must look at these as part of the Cross of service that we chose to take up in our positions of Church leadership. As difficult as our work might be, we must work diligently, in good faith, always mindful that on the other side of the Cross is a joy that cannot be taken away from us.

We also note that today was the Feast of the Repose of Our Father among the Saints, Innocent, Metropolitan of Moscow, Enlightener of the Aleuts and Apostle to the Americas. St. Innocent, one of the heavenly patrons of our Orthodox Church in America, was an exceptional missionary, teacher, pastor and bishop. His life and work in Alaska planted evangelical seeds that have produced an abundant harvest. Even today, we profit from his accomplishments and legacy. Together with our other heavenly intercessors, Saints Herman, Jacob, Alexis, Peter the Aleut, Juvenaly, Tikhon and Raphael, St. Innocent continues to guide us through the stormy seas of life unto the blessed way into the Kingdom of God.

Before we continue, I would like to take time to remember the newly-departed servant of God, Archpriest Eugene Vansuch, who was taken from us so unexpectedly last week. Fr. Eugene was a tireless worker in the Lord's Vineyard as a pastor, an educator, and an administrator. He was no stranger to the Metropolitan Council, many of us worked with him during his many years of service to the Orthodox Church in America. His efforts demonstrated that he was indeed a wise and faithful steward of His God-given talents. May we follow this example, and may Fr. Eugene's memory be eternal.

On our agenda are a number of issues requiring thoughtful discernment. During the course of our meeting we will have time to discuss them in detail; however, I want to begin by highlighting a few of the items that we will address.

## DIOCESE OF ALASKA

Our Agenda, which was prepared before the meeting of the Holy Synod last Thursday, had already listed a "Report on the Diocese of Alaska." At that time, following a meeting of the Lesser Synod of Bishops at which His Grace, Bishop Nikolai was placed on a leave of absence, I had assigned the Chancellor of the Orthodox Church in America, Archpriest Alexander Garklavs, to be the Administrator of the Diocese of Alaska and I instructed him to travel to Alaska on my behalf. At the meeting on March 27, the Holy Synod took additional action on the situation in the Diocese of Alaska. His Eminence, Archbishop Nathaniel and His Grace, Bishop Tikhon of Eastern Pennsylvania, will be going to Alaska during this week as members of a Synodal Committee to look into the complaints and allegations that we have received from that Diocese. Their report and recommendations will be presented to the full Holy Synod at the meeting scheduled for May 13 - 15 of this year. I realize that the situation in the Diocese of Alaska has become a concern for many of our clergy and faithful. Be assured that, whatever the appearances may be, the Holy Synod is proceeding in a manner that is spiritual, canonical and appropriate.

## FINANCES

The 2007 Financial report prepared by our Treasurer, Priest Michael Tassos, is the most extensive and detailed that we have had in our Church in many years, and perhaps ever. This demonstrates the tremendous benefit of having a Certified Public Accountant in charge of our books. Many hours of work went into sorting out the 2007 financial records and we now have a much clearer vision of where we stand. Not all of the news in Fr. Michael's report will be easy to hear. Let us take the more difficult points as motivators to reflect on our priorities and reevaluate how we conduct our affairs as a Church. This sober vision of our financial situation is long overdue. I welcome and encourage the discussion that our Financial Report will elicit.

## LEGAL ISSUES

The major legal issue faced by our Church since the last session of the Metropolitan Council is the lawsuit brought against the Church by Elizabeth Kondratich, wife of the former OCA Chancellor, Robert S. Kondratich. The ad hoc legal committee that was formed last January, together with the Chancery's administrative team, have been working with our retained legal counsel on forming a response to the suit. I am grateful to Archpriest Mark Sherman, Mr. William Peters and Mr. Gregory Nescott for agreeing to sit as members of the ad hoc legal committee, working on behalf of the Metropolitan Council. Their insights have been invaluable and have demonstrated the importance of such input as we address legal matters that will face the Church.

At this meeting we will also hear a report on the search for General Legal Counsel for the Orthodox Church in America. The Search Committee has reviewed the numerous candidates for this position and I am confident that they have applied the highest level of discernment in the selection of a short list of applicants for this important position. We

now look forward to their recommendation of an attorney to serve as legal counsel for the OCA. For their work on the Search Committee, I want to thank in particular Metropolitan Council members, Fr. Matthew Searefoorce and Gregory Nescott, who worked hand in hand together with the other Committee members.

#### CHANCERY ADMINISTRATION

The administrative team at the Chancery has worked with diligence and great effort to meet the management needs of the Church's central administration. This is not an easy task at any time, but is now more difficult than ever. They work with an extremely scaled down staff. They willingly take on numerous and varied responsibilities, from making management decisions to driving guests to and from airports. Furthermore, they conduct their duties in the face of much scrutiny and, from some quarters, skepticism.

Adding more weight to their load is the fact that the four-person administrative team is not yet complete. This situation, however, will now be short-lived. At this meeting we will review a candidate for the position of Secretary of the Church. I believe that the candidate selected from among the applicants is well suited for the Secretary's position, with the proper skills and experience necessary to fulfill the responsibilities of this important Church office. I hope that with the endorsement of the Metropolitan Council, followed by that of the Holy Synod, we will see our new Secretary begin working at the Chancery in the near future.

Fr. Michael Tassos, has informed me of his need to travel back to California to tend to personal matters with his family. His responsibilities as a husband and a father should not take second priority to his work for the Church, and I offer him my prayerful support of his decision. Fr. Michael has assured me that he will still be able to look after his duties as Treasurer while in California. I know that he has taken care to ensure that the day-to-day financial affairs of the Chancery are tended to responsibly and he has trained qualified personnel to work with him to this end. We are very grateful for the work that Fr. Michael is doing for our Church and it is my hope that we will soon be seeing him, together with his family, return to the New York area.

With Fr. Michael in California, we are left with only two administrative team members at the Chancery until the new Secretary begins work. To assist with the daily administrative duties until the new Secretary joins the staff, I have given my blessing to Deacon John Zarras to function in a volunteer, part-time position at the Chancery, supporting Fr. Alexander, Fr. Andrew Jarmus and Fr. Michael. Deacon John's familiarity with Chancery operations makes him an excellent resource for this work. I anticipate that we will require his assistance only for a matter of weeks, as we transition in our new Secretary.

#### 15TH ALL-AMERICAN COUNCIL

The Preconciliar Commission, Chaired by His Grace, Bishop Nikon, has taken on the critical task of planning the upcoming All-American Council this November. Every effort is being made to ensure that the Council is carried out in a spirit that is conducive to

healing and to building a solid foundation for the future growth of our Church. Time will be taken to discuss the scandal that has taken up so much of our attention and energy since the last All-American Council. However, as critical as it is to address this matter, we must not allow ourselves to become paralyzed by it. We must learn from the past, and there are valuable lessons to learn from the events of recent years about accountability, transparency and servant leadership. However, learning from the past, we must not live in it. A good pastor would thus encourage a parishioner who had experienced a traumatic moment in his or her life. This must also be the advice that we follow as a Church. We do not know what the future will bring. But it is my hope that when people look back at the 15th All-American Council they will be able to say that it was a milestone on the road to healing and revitalizing our Church life.

#### SPECIAL INVESTIGATIVE COMMITTEE

At this meeting we will also hear updates on the work of the Special Investigative Committee. I am very grateful to His Grace, Bishop Benjamin and all the members of the Special Investigative Committee for their continued work. They are laboring diligently and are leaving no stone unturned. As I mentioned in my letter to His Grace, no individual is to be considered off limits in their work and they are to follow the information they uncover to wherever it will lead. I myself was to meet with the Committee for an interview last week, but those plans were preempted by the funeral of Fr. Eugene Vansuch. My interview with the Special Investigative Committee will be rescheduled in the near future.

#### PLANNING FOR THE FUTURE

The events of recent years have been very hard, indeed. However, all things are under God's providential care and even crises can be for our salvation. The scandal that has rocked the OCA has compelled us to take a serious look at ourselves and our Church life. We have raised some very serious and important questions about our structure and the allocation of our resources. One item of our agenda will be discussion of strategic planning for the Church. I believe that this work is very necessary. Let us take the hard lessons that we have learned in our recent past and apply them to building a stronger Church body that shows greater fidelity to the Mission that our Lord has set before us: to build up His Church in North America.

Dear Venerable Fathers, and brothers and sisters: the eyes of many look to the leadership of the Orthodox Church in America at this time. Some look expecting to see failure, fault and "business as usual." Others look hopefully, giving us the opportunity to demonstrate the sincerity of our desire to turn a corner in our Church's life. Much has been accomplished in a short time, even since our last meeting in the fall of 2007. However, our work is far from over. In some ways it has only just begun.

It is most important that we stay focused on creating an atmosphere where people feel that they can trust their leaders to carry out their responsibilities with good will in the most responsible manner possible. We seek to create an environment where those in

authority see their positions as acts of service and not as places of privilege. This work will not be demonstrated by words. A tree is known by the fruit that it bears and it is our actions that will show the sincerity and authenticity of our efforts.

May we fulfill our duties over the coming days "with one heart and one mind," always open to the guidance of the Holy Spirit who grants us wisdom and reveals to us the Will of God for our Holy Orthodox Church in America.

## **Amendment to Orthodox Church in America Pension Plan**

**Amendment #**\_\_\_

**WHEREAS**, the Orthodox Church in America Pension Plan ("Plan") was amended and restated effective November 12, 2001;

**WHEREAS**, pursuant to Article 9, Section 9.01, of the Plan, the Metropolitan Council has authority to amend the Plan; and

**WHEREAS**, the Pension Board for the Orthodox Church in America Pension Plan have recommended that the Plan be amended to provide guidance with respect to administration.

**NOW THEREFORE**, the following amendments to the Plan are adopted, effective January 1, 2008, unless otherwise indicated:

Plan Section 1.03 is amended by adding at the end thereof:

"Church" shall not include any organization, association, or corporation that is under the jurisdiction of The Orthodox Church in America located outside the United States and eligible to have its employees participate in the Plan.

Plan Section 1.12 is restated as follows:

1.12 "Equivalent Actuarial Value" means equivalent value when computed on the basis of the 1983 Group Annuity Mortality Table and interest at the rate of seven percent (7%) per annum, compounded annually.

Effective for Plan Years beginning after December 31, 2007, for purposes of the Code Section 415 limitations, the "Equivalent Actuarial Value" shall be Computed using the Applicable Mortality Table as prescribed in Code Section 417(e)(3)(B), unless the 1983 Group Annuity Mortality Table produces a greater equivalent value.

Effective for Plan Years beginning on or after January 1, 2000 and before January 1, 2008, for purposes of the Code Section 415 limitations, the "Equivalent Actuarial Value" must be computed using the Applicable Mortality Table, unless the 1983 Group Annuity Mortality Table produces a greater equivalent value.

The "Applicable Mortality Table," as defined by Code Section 417(e)(3)(A)(ii)(I), shall mean the table prescribed by the Secretary of the Treasury.

Add as Plan Section 1.22.1

“Spouse” means a person of the opposite sex who is lawfully married to the Member under the laws of the state in which the Member resides immediately prior to death or retirement and which marriage is recognized by the Church.

Amend Plan Section 4.05 (A) by deleting the words “within six (6) months thereafter” from the first sentence thereof.

Except as specifically amended above, all other provisions of the Plan shall remain the same, and in full force and effect.

Notwithstanding the foregoing, any provision that is deemed inconsistent with the requirements applicable to a qualified pension plan shall be null and void.

**IN WITNESS WHEREOF**, this Amendment is adopted March \_\_\_\_, 2008.

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# ORTHODOX CHURCH IN AMERICA

## TREASURER'S REPORT

### FOR THE PERIOD

JANUARY 2007 THROUGH FEBRUARY 2008

#### General Remarks

Since my arrival in November, 2007 quite a number of changes have occurred. Many of them have been reported in my prior communications; however, as some individuals may or may not be aware of all of them I would like to highlight some of them here:

- ***Personnel changes*** – One person was terminated in February do to a lack of understanding of basic accounting and poor performance. Two individuals have been hired: (1) Ms. Barbara Evans, Comptroller. Ms. Evans has worked in accounting for over 20 years and has extensive experience with not-for-profits. (2) Mr. Eduardo Arias, Accountant. Mr. Arias has also worked in accounting for over 20 years, primarily doing construction accounting in Ecuador.
- ***Software changes*** – After struggling for two months to properly implement the Blackbaud software program and not really making progress in the time that was required to produce the 2007 financial reports, I made the decision to switch course and use Quickbooks for Not-for-Profits. This decision was based upon: (1) the fact that numerous mistakes were made in the original implementation of the OCA's financial records, (2) the personnel at the time did not have the accounting knowledge or experience to properly utilize such a software program, (3) we were under a tremendous time crunch to produce an accurate financial report for 2007, and (4) going forward the staff in place at much more at ease with Quickbooks than Blackbaud, and (5) the ongoing costs of training (approx. \$9,000 per year) and software upgrades, (approx. \$7,000) were significantly more than the cost of Quickbooks (the total cost was approx. \$3,000).
- ***Segregation of accounts and duties*** – When I arrived the accounts payable person was involved with accounts payable, making deposits, payroll, and all bank reconciliations. Furthermore, checks were presigned by the Metropolitan and restricted funds were still deposited into the unrestricted checking account. I am pleased to say that: (1) the accounts payable person is not opening the bank statements and is not performing bank reconciliations, (2) there is a segregation of the cash receipts function from the accounts payable or reconciliation functions, (3) restricted funds are now deposited into a restricted checking account, and (4) the Metropolitan no longer presigns checks. All checks are currently signed by myself and Fr. Alexander Garklavs, Chancellor. Another significant change that we have implemented is the scanning of all major account statements such as investment reports, bank statements, wire transfers, payroll records,

etc. The scanned documents are on our server and can be accessed remotely. The accounting records are also accessible via a remote desktop.

- ***Clean up of accounting records*** – In order to properly account for all that took place in 2007, we went back and input every check into Quickbooks and reconciled all of the deposits. Had we not done this it would be next to impossible to properly audit the books and records for 2007.
  
- ***Meetings/Communications*** - Since my arrival, I have tried to meet with each of the church's committees including but not limited to: Finance, Legal, Preconciliar, Audit, Charity, and Investment. I know that each of the department chairs will cover a number of items in their respective reports however I would like to make just a few remarks about each of these:
  1. **Finance** – We have not met yet as a committee however I have been in contact with Fr. Mathew Tate, the chair of the committee and we have reviewed the budget for 2008 as well as numerous other financial matters.
  2. **Legal** – The Legal committee has met on several occasions and the most pressing matter is the Kondratick lawsuit. Unfortunately, the legal fees for this matter have already exceeded our budgeted amount of \$25,000 by approximately \$30,000. If this matter actually goes to trial we may be looking at upwards of \$50,000 to \$100,000 more in legal fees.
  3. **Preconciliar** – The work of the commission is proceeding as planned. Fr. Myron Manzuk and I are continuing to work on the budget which we believe will not exceed \$200,000 for the AAC. The amount budgeted for the council out of the 2008 operating budget for the OCA was \$50,000 and we should be well below this. Our next step financially is to get over the hurdle of our bad credit for prior AACs and to send the hotel a deposit of \$50,000. My plan is to move the money that has been collected thus far into a separate bank account so that there is clearly no confusion about where this money is and how much is available.
  4. **Audit** – Members of the audit committee and I have met several times in the past few months and they have been examining the books and records of the church for 2007. One of the most significant developments has been my suggestion that the OCA look to engage a new outside CPA firm. The reason for this is that the work of the Lambrides accounting firm has not been what I would characterize as top notch. For the year 2006 their opinion was qualified due to an inability to satisfy themselves regarding restricted accounts however no solution was ever put forward by them as to how to actually fix the problem. If the church is going to actually move forward out of this accounting quagmire, it needs the assistance of competent and reliable CPAs to help chart the course. After doing some research two additional accounting firms were reviewed by the committee to bring the total

to three for consideration: (1) Lamos, Lambrides, (2) Grant Thornton, and (3) Weiser, LLP. The Lamos firm was rejected do to quality and the Grant Thornton firm (incidentally Grant Thornton audits the Roman Catholic Archdiocese of New York) was rejected due to the price of \$75,000, and the firm of Weiser, LLLP was chosen because of their significant presence in Long Island, New York, and New Jersey. Their initial bid was \$65,000 however we are trying to find ways to bring this down further.

5. **Charity** – Fr. John Reeves and I recently met to discuss: (1) guidelines for charity distributions, and (2) what to do with the funds collected through December 31, 2007. There is approximately \$100,000 that needs to be disbursed and we propose that: 20% be kept in reserves for emergencies, 30% be disbursed to IOCC, 20% go towards individual needs of clergy and families, and 50% go towards charitable grants.
  
6. **Investment** – Fr.. Philip Reese, Chair of the Investment Committee, the other members of the committee, and I recently convened a meeting of the committee to address (a) the actual investment returns on the funds, (b) the investment strategies of the OCA's endowments, including developing an investment policy, and (c) the pro's and con's of keeping the investments with Wachovia securities.

### **Financial Report – 12/31/07**

For the year ended December 31, 2007, the Orthodox Church in America (OCA) ended with a surplus in Unrestricted funds of \$612,647, a loss in temporarily restricted net assets of \$15,157, and a surplus in permanently restricted net assets of \$64,620 for net gain of \$662,109. Of this, \$384,496 related to the sale of the Martin Drive property.

As of December 31, 2007, the OCA ended with \$126,931 in its unrestricted checking account and had properly segregated funds for temporarily restricted accounts of \$510,116 in two accounts with Commerce bank totaling \$158,479 and Honesdale National Bank of \$351,637.

All of the legal and accounting expenses related to 2007 were paid off prior to the end of the year as well as the stipends that were in arrears. The balance in accrued expenses of \$192,499 relates solely to 2007 bills that came in after year end.

All of the investment accounts were properly segregated and adjusted to the fair market value as of year end.

The operating performance of the OCA exceeded its budget by \$680,698. The budgeted loss for the year was \$68,050 and instead the OCA ended with a surplus of \$612,648, which included a one time gain on the sale of the Martin Drive property of \$384,496. Excluding the gain on the

sale property, the revenue for the OCA exceeded the budget by \$133,787 and actual expenses were below budget by \$149,214.

The surplus that has been mentioned was used primarily to pay down the outstanding debt to Honesdale National bank and to pay off the outstanding bills of the church that had been accumulating throughout 2007.

### **Financial Performance – January 1, 2008 through February 2008 (Cash Basis)**

For the two months ended February 29, 2008, the OCA had a deficit of \$19,804; however this was based upon a **cash basis**. The vast majority of revenue is from diocesan assessments and most of the deficit relates to when the assessments were actually received. A stronger indicator of the financial performance would be actual expenses. Actual expenses for the two months were \$29,334 below budget. Additionally, we received \$125,512 from parishes for the 15<sup>th</sup> All-American Council.

### **Other Financial Matters**

- 9/11 Funds – From my conversation with Fr. John Reeves, I learned that there is still the sum of \$176,500 that is potentially outstanding. Until the issues with Robert Kondratick are resolved we will remain in limbo. I would like to suggest that we begin paying some amount of money beginning in 2008 to help repay this additional missing amount. If we ever collect from Mr. Kondratick or if he ever shows some documentation that he properly expended these funds then we can stop. My suggestion is that we start by paying \$25,000 this year.
- Funding of other positions within the chancery. After carefully reviewing the budget, there are some areas where we can make some changes and move money around, particularly in the communications area.
- Reexamining the issue of bishops' stipends. There has been a considerable amount of discussion about whether or not the bishop's stipends can/should be reinstated. Yes, the current year's budget contemplates a surplus of approximately \$265,000 however it is also clear that this assumes that we will be on budget for all other items. We are definitely going to be over in legal fees and we can't predict how far over budget we will be.

### **Personal Matters**

As many of you know, my plan since I arrived has been to have my wife and children join me here at the end of the school year however, some personal health issues have made this almost impossible at the present time. My colleagues, Fr. Alexander Garklavs and Fr. Andrew Jarmus, have been especially supportive during this time as has His Beatitude, Metropolitan Herman.

Unfortunately the health issues have gotten to a point where I simply need to return to California for an extended period of time. And I am afraid that I can not give you a definite time frame when I will be able to return. To the best of my ability I have tried to put a structure in place so that things can continue to move forward. The accounting staff in place are very competent and hardworking. All bank information is available online. We have established a VPN connection so that certain individuals such as myself can have remote access into the server. We are now scanning almost all major documents and are continuing to pick through all of the prior year's records.

I have discussed this with His Beatitude, Fr. Alexander, Fr. Andrew, and the members of the Task force and the majority have felt that it would be in the best interests of the OCA if I stayed on at this time and continued to provide some level of financial and administrative oversight from California with trips back to New York as necessary. I am willing to do this and to do so at the reduced compensation amount of \$3,500 per month (\$42,000 per year). This is based upon the fact that I will not be working on this full time and the fact that it puts additional burdens and stress on the other members of the administration.

I fully understand that this presents a number of difficulties for the church and I am aware that you must do whatever you feel is in the best interests of the national church. As I said, I will be happy to continue to assist however you feel is best but I simply must return to California at this time to help my family.

### **Action Items**

Following are several action items for your consideration:

#### **Item 1: Approval of Weiser, LLP as the Certified Public Accounting Firm to audit the books and records of the OCA for the year ended December 31, 2007.**

This request comes after carefully considering several factors and issues:

1. The books and records of the OCA need to be audited by an outside CPA firm that has skill, competence, and technical abilities to help guide the OCA,
2. The fact that the accounting firm of Lamos, Lambrides, has not provided the level of skill, competence and technical ability necessary as evidenced by the deficiencies in their prior audit report.
3. There are still a number of technical issues that can not be resolved without competent legal and accounting assistance.

The accounting firm of Weiser, LLP is one of the largest local certified public accounting firms in the New York/New Jersey area. The members of the audit committee considered the firms of Lamos, Lambrides, Weiser, LLP, and Grant Thornton. The Grant Thornton firm was also rejected because their proposal started at \$75,000. The proposal from Weiser, LLP is for the sum of \$65,000.

## **Item 2: Approval of the Charity Committee Policy**

The policy was developed after carefully considering the goals and objectives of the church. Consideration was given as to how to benefit local OCA charities, how to help individuals in need throughout the respective dioceses, how to provide assistance across jurisdictional lines and across as wide an area as possible, and finally to provide for emergency relief. We believe that the proposed policy meets these objectives.

## **Item 3: Approval to move the current investment portfolio from Wachovia Securities to Honesdale National Bank**

The OCA's investments currently total \$2,565,033 as of December 31, 2007. The average rate of return on most of the funds for the year 2007 was less than 3.5% and the asset management fee was over 1% to Wachovia securities. While Wachovia Securities is a national investment firm, the financial performance thus far has not been very strong. Furthermore, there has been little if any consistency as to how the investments were chosen for various trust accounts. Consideration was given to Honesdale National Bank because they were the bank that provided the loan to replenish the depleted restricted funds, they have a large trust department that works with institutions such as the OCA to develop a strategic approach to investing, and they have a long-standing history of assistance to St. Tikhon's monastery.

## **Item 4: Approval to create a committee to evaluate the current chancery estate and consider alternatives**

The current location in Syosset comes at a considerable cost. While the current estate is quite beautiful, we are currently not in a position to provide for its proper renovation. The property assessment from the city of Oyster bay is approximately \$40,000 per year and the general maintenance of the building and property is a minimum of another \$150,000 per year. Furthermore, the annual interest cost on the Honesdale National Bank loan is over \$136,000 per year and we still have at least another ten years to pay off the loan.

The purpose of this committee would be to explore as many options as possible regarding the estate and to prepare a comprehensive plan with specific action items for the Metropolitan Council to consider.

## **Item 5: Approval to create a committee to review and assess Orthodox Christian unity in areas where other Orthodox Christian jurisdictions provide the same or similar programs.**

The Orthodox Christian Health Plan is a model for Orthodox administrative unity in the United States and it is actually working quite successfully. The Greek Archdiocese, the Antiochian Archdiocese, the Armenian Orthodox Church, the Serbian Orthodox Church, and the OCA all participate equally in the administration of the health plan. This model could be expanded for other church programs such as chaplaincy, Christian education, youth work, lay ministries, and many others. Each jurisdiction provides these same programs in greater or lesser degrees. This

commission would be tasked with helping to establish similar committees amongst the other jurisdictions in America and working on a joint approach to providing ministerial programs.

### **Conclusion**

I sincerely want to thank His Beatitude, Metropolitan Herman, for allowing me the opportunity to serve the church in this capacity. I wish to thank my brothers and concelebrants in Christ, Archpriest Alexander Garklavs and Archpriest Andrew Jarmus for helping me and putting up with me these past five months. And I also wish to thank all of you on the Metropolitan Council who have placed so much trust and responsibility in me.

Respectfully submitted in Christ,

Priest Michael Tassos  
Treasurer

**Communications Protocol**  
**RE: Metropolitan Council and OCA Chancery Personnel**

*Revised and approved at the 2008 Spring Meeting of the Metropolitan Council  
March 31 – April 2, 2008*

All aspects of Church communications fall under the directives of the OCA's governing documents. Among others, these documents include the Statue of the Orthodox Church in America and "Best Practice Principles and Policies for Financial Accountability." Additionally portions of the New York State Not-for-Profit Corporation Law ("N-PCL") address the issue of communications between members of the Metropolitan Council and OCA central administration personnel. Section 717 (b) of the N-PCL states at:

"(b) In discharging their duties, directors and officers, when acting in good faith, may rely on information, opinions, reports or statements including financial statements and other financial data, in each case prepared or presented by:

"(1) one or more officers or employees of the corporation, whom the director believes to be reliable and competent in the matters presented,

"(2) counsel, public accountants or other persons as to matters which the directors or officers believe to be within such person's professional or expert competence or

"(3) a committee of the board upon which they do not serve, duly designated in accordance with a provision of the certificate of incorporation or the bylaws, as to matters within its designated authority, which committee the directors or officers believe to merit confidence..."

This section of the N-PCL law demonstrates that, not only do Metropolitan Council members—having a fiduciary responsibility to the general membership of the Church—possess a valid expectation that communications between the Central Administration and the Council be prompt, open, clear and direct, but—as “directors” of the “corporation”—their access to information is secured by law.

With the above in mind, the following protocol shall direct communications between members of the Metropolitan Council and central administration personnel:

1. Members of the Metropolitan Council may request information from any OCA employee or Department/Committee/Commission Chair or member concerning that individual's mandated work for the Church. For the sake of maintaining a standardized chain of communication, it is preferable that requests of a general nature are directed to the administrative team member responsible for the area of work concerned. For example: general inquiries regarding clergy issues are directed to the Chancellor, regarding finances—to the Treasurer, regarding site administration—to the Secretary, or regarding departmental work—to the Director of Ministries and Communications. A reply to a request for information will normally be given within three business days.
2. The Director of Communications will issue regular informational updates to the Metropolitan Council by email, at least on a monthly basis, regarding central administration activities. More frequent updates may be sent out as deemed necessary and practical. A Metropolitan Council member may receive updates by fax or post instead of by email, upon informing the Communications Director of this preference.
3. Each Metropolitan Council motion that mandates work by Chancery personnel will identify a “most responsible person” from the administrative team who will supervise and/or execute this mandate, and who will respond to questions from Metropolitan Council members regarding its execution.

## Draft 5 - 02/28/08

# METROPOLITAN COUNCIL ETHICS COMMITTEE POLICIES AND PROCEDURES

## 1.0 PURPOSE

The purpose of these policies and procedures is to describe the implementation of the Metropolitan Council Ethics Committee established by the Best Practice Principles and Policies for Financial Accountability of the Orthodox Church in America, Version 1.01, June 16, 2007 (hereinafter, "Best Practices").

## 2.0 DEFINITIONS

- (1) Adverse Action -- An action imposed on an employee or contractor that has a negative impact on compensation, terms, conditions, or privileges of employment.
- (2) Allegation - A declaration, statement, or assertion of impropriety or inadequacy, associated with activities or lack thereof with regard to the ethics, conflict of interest, or whistleblower protection policies of the Best Practices.
- (3) Anonymous Individual- An individual unnamed or otherwise unidentifiable.
- (4) Chilled Environment - A work environment where employees or contractors are unwilling to raise issues associated with the ethics, conflict of interest, or whistleblower protection policies out of fear of retaliation.
- (5) Complex Investigation – An investigation that is expected to require a greater amount of effort and requiring an investigation plan, agreed upon by the whole Ethics Committee.
- (6) Concern - A query, declaration, statement, or assertion of impropriety, deficiency, nonconformance, or inadequacy which has been submitted to the Ethics Committee.
- (7) Concern Manager – The individual chosen in the initial screening to manage the resolution of the concern.
- (8) Concerned Individual -- An individual who submits a concern to the Ethics Committee.

- (9) Confidentiality - Protection of information that could directly or indirectly identify a concerned individual. It includes information that a source provided under the reasonable expectation that his or her identity would not be divulged.
- (10) Conflict of Interest - A situation in which a person has an existing or potential financial or other interest that impairs or might reasonably impair that person's independent, unbiased judgment in the discharge of his responsibilities to the Orthodox Church in America (hereinafter, "OCA"), or a situation in which a person is aware that a member of his or her family, or any organization in which the person is an officer, director, employee, contractor, member, partner, interested person, or controlling stockholder, has such an existing or potential financial or other interest.
- (11) Conflict of Interest Concern - A concern related to the conflict of interest policy as described in the Best Practices.
- (12) Discrimination - Negative action taken or a benefit withheld from an employee relating to the terms or conditions of employment, because the employee reported a concern related to the ethics, conflict of interest, or whistleblower policies.
- (13) Ethics Policy Concern - A concern related to the ethics policy as described in the Best Practices.
- (14) Governance Body - The Holy Synod, all Metropolitan Council members, administrative management, staff (paid and unpaid), and auditors elected by the All American Council.
- (15) Harassment - Any action or behavior that causes a person to be uncomfortable for having reported a concern related to the ethics or conflict of interest policies, or be fearful of reporting in the future a concern related to the ethics, conflict of interest, or whistleblower policies.
- (16) Intimidation - Any action that has the effect, or perceived effect, of preventing a person from raising a concern related to ethics, conflict of interest, or whistleblower policies.
- (17) Investigation - A systematic inquiry conducted to gather and evaluate information - including, but not limited to, testimonial, documentary, electronic and physical evidence -for the purpose of resolving a concern.

- (18) Investigation Plan - A plan for Complex Investigations, prepared by the concern manager, and agreed upon by the whole Ethics Committee.
- (19) Management Related Concern - A concern related to management behavior, duties, policy interpretation, or other general Issues, not related to any other definition in this section.
- (20) Moderate Investigation – An investigation that is expected to be able to be resolved expeditiously with a lesser amount of effort, usually by the Chair of the Ethics Committee. Moderate Investigations do not require an investigation plan to be approved by the whole Ethics Committee.
- (21) Retaliation - Any action that has the effect, or perceived effect, of punishing a person because the person reported a concern related to the ethics, conflict of interest, or whistleblower policies.
- (22) Substantiated Concern - A concern that is validated by evidence obtained during the concern investigation.
- (23) Unsubstantiated Concern - A concern that is not supported by evidence obtained during the concern investigation.
- (24) Whistleblower policy concern - A concern related to the whistleblower policy as described in the Best Practices. Such whistleblower concern may include issues of adverse action, chilled environment, discrimination, harassment, intimidation, and retaliation, as herein defined.

### **3.0 DECISION MAKING**

- (1) Decision making by the Ethics Committee shall be by consensus among the committee members. At times when consensus is not achieved, decision making shall be by majority vote of the committee members.
- (2) Such consensus and votes shall be initiated by the committee chair and may be taken in writing, by email, by telephone, or by meeting, as the specific item in question dictates.
- (3) Records of committee decisions shall be maintained by the committee chair.

#### 4.0 RESPONSIBILITIES

(1) Ethics Committee Chair

- (a) Point of contact for an individual bringing a concern to the Ethics Committee.
- (b) Responsible for handling, investigating, or coordinating resolutions of a concern.
- (c) Responsible for soliciting concurrence from committee members on the actions of the Ethics Committee.
- (d) Maintains records of Ethics Committee actions.

(2) Ethics Committee Members

Responsible for participation in the handling, investigating, and resolving of concerns, either as an individual member or the committee as a whole.

(3) OCA Secretary

- (a) Responsible for implementing and maintaining on file the Annual Ethics Statements, Annual Conflict of Interest Statements, and Annual Whistleblowers Statements identified in the Best Practices.
- (b) Responsible for disseminating information regarding the Ethics Committee in accordance with Item F (IV) (7) of the Best Practices.

(4) OCA Treasurer

The OCA Treasurer shall include in the budget and provide the Ethics Committee with financial support sufficient to accomplish its function in an independent manner.

(5) Managers and Supervisors

Each Manager and Supervisor is responsible for:

- (a) Understanding the responsibilities of the Ethics Committee described in the Best Practices and in these policies and procedures, and ensuring that individuals they manage and supervise are aware of the function of the Ethics Committee.

- (b) Cooperating and providing support for resolution of concerns under these policies and procedures.
  - (c) Supporting and promoting the ethics, conflict of interest, and whistleblower protection policies of the OCA, as embodied in the Best Practices.
- (6) Metropolitan Council

The Metropolitan Council shall receive recommendations of the Ethics Committee, and shall thereafter proceed in compliance with Sections X and XII of the OCA Ethics Policy in the Best Practices.

## **5.0 PROCEDURES**

### **5.1 OCA COMMITMENT**

Consistent with the high calling of our Lord and the Gospels, the OCA is committed to the highest ethical standards as a nonprofit and philanthropic institution.

### **5.2 IDENTIFYING CONCERNS**

- (1) Direct communication with managers and supervisors and committee chairs is the normal process for facilitating the identification and resolution of concerns. Submitting concerns to the Ethics Committee is considered an alternative process to be used when there are barriers to using the normal concern reporting process.
  - (a) Employees and other concerned individuals should address their concerns, either orally or in writing, to their manager, supervisor, or committee chair. The manager, supervisor, or committee chair must carefully consider the matter and provide to the individual an appropriately researched and accurate response in an expeditious manner. If the individual is unable to obtain a response in this manner, or considers the response to be unsatisfactory, the individual should remind the manager, supervisor, or committee chair that the concern still exists.
  - (b) If the employee or other concerned individual is unable to obtain a response from their manager, supervisor, or committee chair, or considers the response to be unsatisfactory, or if the person is

uncomfortable with following the above process, they are encouraged to contact the Chair of the Ethics Committee. The employee's concern will be investigated and a response will be provided.

- (c) Should the Chair of the Ethics Committee be the individual suspected of a violation, his place in this policy shall be assumed by the Chair of the Metropolitan Council.
- (d) The status and resolution of concerns will be provided to the concerned individual, except in the case of anonymous concerns.

### **5.3 SCREENING OF CONCERNS**

- (1) Concerns may be presented to the Chair of the Ethics Committee by the concerned individual, either in person, by letter, by telephone, or email.
- (2) The Chair of the Ethics Committee will acknowledge receipt of the concern within ten (10) business days.
- (3) Upon receipt of a concern, the Chair of the Ethics Committee will perform an initial screening of the concern to determine the following:
  - (a) Does the concerned individual have standing to raise the concern with the Ethics Committee under the Best Practices?
  - (b) Does the concern appear to be a potential violation of the ethics, conflict of interest, or whistleblower protection policies described in the Best Practices?
  - (c) What is the recommended course of action for the committee?
- (4) Screening Process for Recommended Course of Action
  - (a) Upon acceptance of a concern for resolution, as part of the initial screening, the Ethics Committee will decide upon a course of action. In choosing a course of action, the following will be considered:
    - Is the concern or issue obvious or simple with regard to its details and what it entails?
    - Is the concern or issue being presented for "Information Only"?

- Is there an obvious or agreeable resolution that can be proposed to the involved parties?
  - Are adverse action, harassment, intimidation, retaliation, or discrimination issues indicated, or could a “chilling effect” exist based on the available information?
  - What is the level of effort estimated in order to resolve the issue?
- (b) Depending on the apparent complexity of the concern, the Chair of the Ethics Committee shall designate the concern for either Moderate Investigation or Complex Investigation.
- (c) The Chair of the Ethics Committee will select an individual to manage the resolution of the concern (the “concern manager”). The concern manager may or may not be a member of the Ethics Committee.
- (d) The Chair of the Ethics Committee may recommend the use of other organizations or individuals to assist in the resolution of a concern.
- (5) The Chair of the Ethics Committee, at his or her discretion, may contact the concerned individual as part of the initial screening.
- (6) The Chair of the Ethics Committee shall present the concern and the results of the initial screening to the Ethics Committee for consideration, and shall secure agreement of the committee on an appropriate course of action.
- (7) If the concern is accepted for resolution, the Chair of the Ethics Committee shall formally document the concern on an Ethics Committee Concern Form (Attachment 10.1).
- (8) The concerned individual will be asked to sign the Ethics Committee Concern Form to acknowledge accurate recording of the concern.

#### **5.4 CONFIDENTIALITY**

When requested by the individual, it is the policy of Ethics Committee to protect the identity of an individual who reports a concern. Concerned Individuals must be aware that it is not always possible to completely ensure confidentiality. In some circumstances the specific nature of the concern may make it impossible to resolve without some indication of the concerned individual’s identity. The

Ethics Committee will make all reasonable efforts to maintain confidentiality in these circumstances.

## **5.5 NOTIFICATION**

- (1) The Chair of the Ethics Committee will notify the Chair of the Metropolitan Council of each concern accepted for resolution. Such notification shall occur within 30 days of acceptance of the concern for resolution. Should the Chair of the Metropolitan Council be the individual suspected of a violation, notification shall instead be given to the Chancellor of the OCA.
- (2) The Chair of the Ethics Committee will report semi-annually, or sooner if appropriate, to the Metropolitan Council on the committee's activities.

## **5.6 INVESTIGATION OF CONCERNS**

- (1) Each concern investigated will contain unique elements and therefore, a prescriptive method of investigation will not be provided in this section. General guidance for consideration is provided with the understanding that the investigator must gather and analyze the appropriate data to determine if the allegation is substantiated and identify any necessary corrective actions. The investigation must develop adequate information to support the conclusions drawn.
- (2) Upon agreement by the committee on designation of the concern manager and a recommended course of action, the concern manager for Complex Investigations will develop an investigation plan. The investigation plan should identify the issues to be evaluated, personnel to be involved in the investigation, procedures/policies to be reviewed, meetings/discussions to be conducted, and a timetable for completing the investigation. (Moderate Investigations should not require an investigation plan and are expected to be resolved expeditiously by the concern manager who will usually be the Chair of the Ethics Committee.)
- (3) The concern manager, in conjunction with the Chair of the Ethics Committee, shall secure the agreement of the committee on the investigation plan for Complex Investigations before proceeding with the investigation.
- (4) When interviewing personnel as part of the investigation, it is recommended that areas of questions be identified in advance and that the same questions be used for each to be interviewed in a selected group. Consideration should be given to questions that follow the format

of What, Where, When, Who, How and Why. Open-ended questions will normally gather the greatest amount of data. Interviews should be scheduled in advance, when possible.

- (5) During the investigation, a balance must be maintained between addressing the identified issues and broadening the investigation scope to address any issues that may emerge. If issues outside the scope of the initial investigation are Identified, initiate additional follow-up investigations to address the new issues.
- (6) When appropriate, investigations should seek to determine root causes to problems, corrective actions for these root causes, and recommendations for implementing corrective actions.
- (7) Investigations should be thorough and should reach a conclusion as to whether or not the concern is substantiated.

## **5.7 CONFLICTS OF INTEREST AND CONCERN EVALUATION/INVESTIGATION**

- (1) The concern manager and investigators shall be independent from the concern or allegation.
- (2) If there is a perceived conflict of interest with any member of the Ethics Committee, the member in question should consider recusing himself or herself from consideration regarding the concern. Decisions regarding recusal shall be made by the whole committee.

## **5.8 INVESTIGATION FINDINGS**

- (1) At the conclusion of the concern investigation, a concern resolution report will be generated to close out the concern. A typical Ethics Committee Concern Resolution Report format is provided in Attachment 10.2 for Moderate and Complex Investigations.
- (2) The concern manager, in conjunction with the Chair of the Ethics Committee, shall secure agreement of the committee on the Concern Resolution Report.
- (3) For Moderate Investigations, findings and recommendations shall be communicated to the Chair of the Metropolitan Council and the concerned individual. Moderate Investigation results shall also be communicated to the affected manager or supervisor, committee chair, Metropolitan, and/or the Holy Synod, as appropriate.

- (4) For Complex Investigations, findings and recommendations shall be communicated to the Chair of the Metropolitan Council. The Council shall be responsible for further action regarding the investigation results, recommendations, and notifications of the concerned individual, affected manager or supervisor, committee chair, and/or the Holy Synod.
- (5) The Ethics Committee will work with the Metropolitan Council until the matter is resolved.

## **6.0 ACCESS TO LEGAL COUNSEL**

- (1) The Ethics Committee shall be provided access to OCA legal counsel for the purpose of advice regarding the investigation and resolution of concerns.
- (2) At its discretion, the Ethics Committee may engage independent counsel for advice in conducting investigations of concerns.

## **7.0 FINANCIAL SUPPORT**

- (1) Ethics Committee members shall be reimbursed for expenses associated with performance of committee work.
- (2) The Ethics Committee shall agree on the costs of other organizations or individuals used to assist in the resolution of a concern. The Chair of the Ethics Committee shall secure the concurrence of the Chair of the Metropolitan Council finance committee prior to engaging other organizations or individuals to assist in resolution of a concern.
- (3) The Ethics Committee may expect to use resources up to the budgeted amounts for the reasonable resolution of concerns.
- (4) If the Ethics Committee requires financial resources exceeding budgeted amounts, it shall seek such resources at a meeting of the Metropolitan Council if the timing of the meeting allows. If additional resources are needed before a Metropolitan Council meeting is scheduled, the Chair of the Ethics Committee shall meet with the OCA Treasurer and Chair of the MC finance committee to determine funding possibilities.
- (5) The Ethics Committee, at its own discretion, may seek volunteer assistance from other organizations or individuals, or volunteer contributions to complete its work.

## **8.0 ANONYMOUS CONCERNS**

- (1) Anonymous concerns may be submitted to the Ethics Committee.
- (2) The Chair of the Ethics Committee will initiate discussion among the committee members regarding disposition of the anonymous concern. The committee may agree to take up the concern by consensus or vote, or a single committee member may elect to raise the concern as a concerned individual.
- (3) If the concern is taken up, it is processed by the procedure identified above.
- (4) Submitting a concern anonymously may result in the concern not being taken up by the Ethics Committee. It prevents direct feedback to the anonymous concerned individual, and it may also hinder full resolution of the issue.

## **9.0 REPORTS AND RECORD KEEPING**

- (1) The Chair of the Ethics Committee shall maintain the status of all open concerns.
- (2) The Chair of the Ethics Committee shall maintain a file of all completed investigations.
- (3) Upon a change of the Chair of the Ethics Committee, official investigation files shall be transferred to the new Chair of the committee.
- (4) Concern files will be maintained for seven (7) years (or as otherwise advised by legal counsel) from the date of closure. After this time period, records of the concern shall be destroyed.

## **10.0 ATTACHMENTS**

- (1) Ethics Committee Concern Form
- (2) Ethics Committee Concern Resolution Report Format

Attachment 10.1

Ethics Committee Concern Form

### Ethics Committee Concern Form

Concerned Individual

Name: \_\_\_\_\_

Concern Number: \_\_\_\_\_

Street: \_\_\_\_\_

City & State & Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_

Email: \_\_\_\_\_

STATEMENT OF CONCERN - Describe concern as clearly as possible. Discuss anything that you think is relevant. Include what you believe caused the problem and what can be done to correct the situation. Provide names, dates, locations, witnesses, and all information you think is important to this concern. Use additional pages if necessary.

Category of Concern:

\_\_\_\_ Ethics Policy Concern

\_\_\_\_ Conflict of Interest

\_\_\_\_ Policy Concern

\_\_\_\_ Other Concern

\_\_\_\_ Management Related Concern

\_\_\_\_ Whistleblower Policy Concern

(includes adverse action, chilled environment, discrimination, harassment, intimidation, and retaliation)

\_\_\_\_ Confidentiality: I would like my identity as the concerned individual to remain confidential to the extent possible.

Approval of Concern Individual: \_\_\_\_\_ Date: \_\_\_\_\_

Attachment 10.2  
Sheet 1 of 2

Ethics Committee Concern Resolution Report Format

**Ethics Committee Concern Resolution Report Format**  
(Format for Complex Investigations)

Date:

To: Ethics Committee Files

From: (Concern Manager)

Subject: Concern Number xx-xx

**Statement of Concern:**

**Executive Summary:**

**Investigation Results:**

**Causes/Corrective Actions:**

**Recommendations for Implementing Corrective Actions:**

**Conclusion/Disposition of Concern:**

**Agreement by Ethics Committee:**

**Notifications of Concern Results:**

Attachment 10.2  
Sheet 2 of 2

Ethics Committee Concern Resolution Report Format

**Ethics Committee Concern Resolution Report Format**  
(Format for Moderate Investigations)

Date:

To: Ethics Committee Files

From: (Concern Manager)

Subject: Concern Number xx-xx

**Statement of Concern:**

**Resolution of the Concern:**

**Agreement of Ethics Committee:**

**Orthodox Church in America**  
**Metropolitan Council Ethics Committee**

March 25, 2008

V. Rev. John Reeves  
562 Lancashire Lane  
State College, PA 16803

Reference: **Ethics Committee Concern 07-01**

Dear Fr. John,

Attached please find the results of our review of Ethics Committee Concern 07-01:

Attachment 1 - Concern 07-01 Statement  
Attachment 2 - Resolution Report  
Attachment 3 - Answers to Questions  
Attachment 4 - Chronology

Our conclusion is:

The Ethics Policy requires a higher standard than practiced in the past by the Central Church Administration. This investigation demonstrates that the Central Administration still has work to do to meet the standards of the Ethics Policy.

On December 3, 2007, you submitted a concern to the Metropolitan Council Ethics Committee ("the committee") seeking answers to a number of questions surrounding Mr. Paul Bodnar and the OCA Secretary position.

Your concern was reviewed in accordance with Metropolitan Council Ethics Committee Policies and Procedures, Draft 5 ("the procedure"), which was provided to Metropolitan Council members for review and information on February 29, 2008.

We screened your concern under Section 5.3 of the procedure and determined that 1) you have standing to raise a concern, and 2) that your questions raised several valid Ethics Policy concerns. We also determined that a number of your questions related to personnel matters not within the purview of the committee. Your concern was rewritten and accepted as Concern 07-01, and designated for Moderate Investigation (see Section 2.0 (20) of the procedure). Concern 07-01 was provided to you on February 24, 2008, and, in accordance with Section 5.5 of the procedure, to His Beatitude Herman on March 5, 2008.

Within our Resolution Report, we have made recommendations for the Central Administration. In accordance with Section 5.8 (3) of the procedure, this report is being sent simultaneously to His Beatitude Herman.

It is our intention to provide copies of this report within several days to Metropolitan Council members for use and discussion at the Council meeting of March 31 - April 2. It is requested that public disclosure of these results, if this should seem desirable, be held until after the Metropolitan Council meeting.

If you have questions regarding our resolution of your concern, please contact us.

Sincerely,

Metropolitan Council Ethics Committee  
Fr. Mark Sherman  
Gregg Nescott  
William Peters

Attachment 10.1

Ethics Committee Concern Form

### Ethics Committee Concern Form

Concerned Individual

Name: V.Rev. John Reeves

Concern Number: 07-01

Street: 562 Lancashire Lane

City & State & Zip: State College, PA 16803

Telephone: 814-861-8020

Email: frjohnreeves@comcast.net

STATEMENT OF CONCERN - Describe concern as clearly as possible. Discuss anything that you think is relevant. Include what you believe caused the problem and what can be done to correct the situation. Provide names, dates, locations, witnesses, and all information you think is important to this concern. Use additional pages if necessary.

See attached sheet.

Category of Concern:

Ethics Policy Concern

Conflict of Interest

Policy Concern

Other Concern

Management Related Concern

Whistleblower Policy Concern  
(includes adverse action, chilled environment, discrimination, harassment, intimidation, and retaliation)

Confidentiality: I would like my identity as the concerned individual to remain confidential to the extent possible.

Concern of V.Rev. John Reeves – submitted 12-03-07

Portion accepted for investigation.

1. What were the circumstances surrounding the original hire of Mr Bodnar?

Did he misrepresent his immigration status to us?

What were the actions taken by the Reorganization Task Force prior to Mr Bodnar's hiring to ascertain the legality of his employment by OCA?

Who advised the OCA as to the legality of the action taken by OCA to bring Mr Bodnar on staff and to "pay" him by means of loans?

Was any advice provided to the contrary by competent legal professionals that was subsequently ignored or dismissed by the Reorganization Task Force or administration?

Were Mr Bodnar's legal status and the circumstances surrounding his hire fully and truthfully presented to the Metropolitan Council by the Reorganization Task Force, and/or administration, at its last meeting in October 2007 or subsequently?

2. Are any NY State Laws in regard to Non-profit organizations being violated by the Reorganization Task Force or administration? Specifically, NY State Consolidated Laws, Chapter 35,

"S 716. Loans to directors and officers", which prohibits making loans to directors and officers except as specified.

"S 717. Duty of directors and officers", which enjoins the exercise of good faith in making decisions, and more specifically, the penultimate sentence: "Persons shall not be considered to be acting in good faith if they have knowledge concerning the matter in question that would cause such reliance to be unwarranted."

"S 720. Actions on behalf of corporation", by which directors and officers are accountable for

(A) The neglect of, or failure to perform, or other violation of his duties in the management and disposition of corporate assets committed to his charge.

(B) The acquisition by himself, transfer to others, loss or waste of corporate assets due to any neglect of, or failure to perform, or other violation of his duties."

## **Ethics Committee Concern 07-01 Resolution Report March 25, 2008**

### Preamble

In June 2007, the Metropolitan Council adopted and the Holy Synod approved the *Best Practice Principles and Policies for Financial Accountability* ("Best Practices"). This was an important event for the Orthodox Church in America ("OCA") in that it set a standard to follow for the Governance Body of the OCA (as defined in the Ethics Policy) including the Central Administration. The Church has set a high bar for the functioning of its Central Administration. Among other things, the Ethics Policy states:

- "Any nonprofit and philanthropic institution should adhere to the highest ethical standards." (Best Practices Section B.I)
- The Central Administration must demonstrate its "ongoing commitment to core values of integrity, honesty, openness, and responsibility." (Best Practices Section B.I)
- "Adherence to applicable laws and regulations, including the Charter of the Orthodox Church in America and the Statute of The Orthodox Church in America, is the minimum standard of expected behavior." (Best Practices Section B.I)
- "Transparency, openness and responsiveness to the Church's concerns must be integral to its behavior." (Best Practices Section B.I)
- Members of the Central Administration must "act with honesty, integrity and openness in all their dealings as representatives of the OCA." (Best Practices Section B.II)
- The Central Administration must "provide the Council with accurate, timely, comprehensive and sufficiently detailed information so that the Council in its judgment can effectively carry out its responsibilities." (Best Practices Section B.III)
- Members of the Central Administration must be "knowledgeable of and comply with all applicable laws and regulations." (Best Practices Section B.IV)

We were asked to investigate certain aspects regarding the intended employment as Secretary of Mr. Paul Bodnar. As will be seen in the results of this investigation, the Central Administration<sup>1</sup> must pay closer attention to specifics of the Ethics Policy in order to meet the expectations the Best Practices puts upon it.

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<sup>1</sup> The term, *Central Administration*, as used herein refers to the chancery management and staff, along with the Reorganization Task Force and the Transition Officer.

### Statement of the Concern and the Investigation

See Ethics Concern 07-01, which is attached. Committee Chair Fr. Mark Sherman was assigned to be the concern manager.

For the investigation, the concern manager conducted interviews with V. Rev. Alexander Garklavs, V. Rev. Paul Kucynda, Rev. Michael Tassos, Rev. Dn. John Zarras, Alexis Liberovsky, and Paul Bodnar. Various applicable documents were obtained.

### Description of Events

#### 1. The initial hiring of Mr. Bodnar

Mr. Bodnar is a Canadian citizen. He fully disclosed his immigration status to the Secretary selection team in his interviews. In May 2007, the Central Administration sought pro bono legal advice on how to handle his immigration status. By June 6, 2007, it is clear the Central Administration understood that Bodnar could not become an employee until his immigration status was approved.

Based on an adequate history of such actions, both from the immigration attorney's experience and from Central Administration members' experience, the expectation was that religious worker immigration approval would be prompt and trouble free. Approval was expected between mid-July and mid-September.

Mr. Bodnar was presented to Metropolitan Council for approval on June 12, 2007. He was identified as a Canadian citizen although his immigration status was not mentioned. This was an action in good faith, since past experience indicated it would not be a problem worthy of note.

On June 12, 2007, the Metropolitan Council recommended to the Holy Synod the hiring of Mr. Bodnar as Secretary of the OCA. On June 13, 2007, Mr. Bodnar was offered an employment contract with the starting date contingent on immigration approval but that established certain obligations on the OCA. This contract was offered in good faith based on the experience that immigration status would be resolved promptly and without trouble.

Mr. Bodnar accepted the contract on June 18, 2007. The contract established a targeted starting date of August 1, 2007. On that same day, the US Citizenship and Immigration Service (USCIS) received Mr. Bodnar's request to transfer his religious worker immigration status to the OCA. This request was prepared and submitted by the Central Administration. All of this was standard practice for transferring religious worker status.

2. The beginning of Mr. Bodnar's presence at the chancery

Mr. Bodnar's immigration paperwork had not been processed by the beginning of August, the intended start date. At that time, immigration approval was expected by mid-September at the latest. A number of opinions were present. Some believed he should return to Canada and reenter the U.S. Others believed he could await immigration approval because his status from his previous employment was still valid. This latter path was taken.

Since immigration approval was expected promptly, Mr. Bodnar was given access to the chancery. Because it was understood that he could not become an employee until his immigration status was approved, upon advice of a pro bono attorney, he was given money for expenses in the form of loans.

These were reasonable actions based on the experience that religious worker status would be granted promptly and routinely.

3. Mr. Bodnar's tenure at the chancery

With the expectation of becoming OCA Secretary, Mr. Bodnar began to assume the responsibilities of this position. On August 11, 2007, the OCA announced Mr. Bodnar as Secretary on its website. On August 23, 2007, Mr. Bodnar sent an email to Metropolitan Council identifying himself as "Secretary, OCA." This identification as Secretary was almost immediately recognized as a mistake, and neither the OCA nor Mr. Bodnar used the Secretary reference again. Nevertheless, Mr. Bodnar continued to perform the functions of the Secretary, and it was not understood outside the Central Administration that he was not Secretary. However, these actions were reasonable and good faith actions, since on August 21 it was expected that immigration approval would occur "within a few days."

By early September there was a realization that USCIS was taking a closer and longer look at religious worker immigration applications. The Central Administration found itself in a dilemma. Mr. Bodnar had relocated to Long Island with the expectation of employment, relying on provisions of the employment contract. Yet the allowance for pre-employment access and compensation by loans that were meant to be temporary were lasting longer than expected.

On or before October 12, one pro bono attorney was expressing the opinion that Mr. Bodnar's arrangement was not acceptable and that he should return to Canada and reenter the U.S. The Central Administration was dealing with many issues at the time, and continued by default on the path it had chosen previously. This was a reasonable course of action considering the contractual obligations to Mr. Bodnar and the continued hope for his employment.

#### 4. The October 2007 Metropolitan Council meeting and afterward

In advance of the October 2007 Metropolitan Council meeting, the Reorganization Task Force issued a status report that did not contain an account of Mr. Bodnar's immigration problems. The reasons for this failure to fully disclose Mr. Bodnar's status were not discovered.

At the October 2007 Metropolitan Council meeting, it was explained that Mr. Bodnar's immigration paperwork was delayed, that he was not Secretary nor an employee, and that an accountant had enabled his expenses to be covered in the interim. The presenter expressed the opinion that the Church's position was legally correct. The presenter should have been aware that at least one pro bono attorney was expressing a differing opinion. However, the presenter made the statement in good faith, relying on the legal advice that had created Mr. Bodnar's arrangement<sup>2</sup>.

The issue was made moot a month and one-half later, on December 2, 2007, when the Church executed the Agreement and Release to bring to end Mr. Bodnar's pending employment and the obligations of the OCA to Mr. Bodnar. This action recognized that prompt completion of immigration paperwork was not going to occur, and that Mr. Bodnar's pre-employment activities and compensation were no longer appropriate<sup>3</sup>.

#### Findings from the Investigation

##### 1. All actions in good faith

As stated above, all actions associated with Mr. Bodnar's tenure were conducted in good faith, based on practices that were acceptable in the past, before the adoption of Best Practices, and based on experiences with the immigration system. Mr. Bodnar's tenure became a problem because, subsequent to initial actions and unrelated to the OCA's actions, the immigration system changed.

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<sup>2</sup> It is not uncommon for attorneys to have differing opinions. Managers often must decide among the varying advice of attorneys.

<sup>3</sup> This investigation did not review the circumstances of Mr. Bodnar's termination, which were considered a personnel matter. The investigation also did not investigate the terms and conditions of Mr. Bodnar's release, which are more properly in the venue of the MC Finance Committee.

## 2. The Bodnar Employment Contract

The Bodnar employment contract was executed with the implicit understanding that the starting date would be after immigration approval was received. However, other obligations created by the contract were not made contingent on immigration approval. This was consistent with past practices, before the adoption of Best Practices.

In order to conform to the Ethics Policy provisions requiring “the highest ethical standards” and “adherence to applicable laws and regulations,” such contracts should be explicitly written to become effective only after immigration approval is received. This same policy should be followed in transferring priests and other religious workers. Transfers should occur only after all necessary immigration approval is received.

## 3. Bodnar’s beginning presence at chancery

Mr. Bodnar was allowed to be present at the chancery even though the Central Administration understood he could not become an employee until his immigration status was improved. This was consistent with past practices, before the adoption of Best Practices.

In order to conform to the Ethics Policy provisions requiring “the highest ethical standards” and “adherence to applicable laws and regulations,” the Central Administration must rigorously and conservatively interpret and follow the law. Individuals with immigration issues such as Mr. Bodnar’s should not be allowed to be present until all immigration issues are resolved.

## 4. Loans for Bodnar’s expenses

To assist Mr. Bodnar with expenses in his pre-employment tenure at the chancery, acting on advice of pro bono counsel, the Central Administration provided loans to Mr. Bodnar. This “method” of compensation was initiated with the expectation of imminent immigration approval, and was consistent with the types of practices in the past, before the adoption of Best Practices.

In order to conform to the Ethics Policy provisions requiring “the highest ethical standards” and “adherence to applicable laws and regulations,” the Central Administration must rigorously and conservatively interpret and follow the law. Such “methods” should not be employed in the future.

## 5. Bodnar’s continuing presence at the chancery

Mr. Bodnar continued at the chancery from August to mid-October with the expectation of imminent immigration approval. While his presence was officially understood as pre-

employment, Mr. Bodnar appeared externally and functioned as OCA Secretary. By early September, it became apparent that immigration processing had changed and the USCIS was scrutinizing applications more thoroughly. Upon this realization, the Central Administration began receiving conflicting pro bono legal advice regarding Mr. Bodnar's presence at the chancery. The Central Administration attempted to resolve the issue of continuing presence by statements at the Metropolitan Council meeting of October 16, 2007, and fully resolved the issue by the termination agreement of December 2, 2007.

In order to conform to the Ethics Policy provisions requiring "the highest ethical standards" and "adherence to applicable laws and regulations," the Central Administration must rigorously and conservatively interpret and follow the law. Upon receipt of conflicting legal advice, the Central Administration must act promptly, decisively, and conservatively to resolve such conflicts.

6. The Reorganization Task Force status report of October 1, 2007

The Reorganization Task Force provided a task force update of October 1, 2007, which was forwarded on that same date to the Holy Synod and Metropolitan Council members by the OCA Director of Ministries and Communications. The update made no mention of Mr. Bodnar's immigration status or the fact that he was neither Secretary nor an employee.

In order to conform with the Ethics Policy provision requiring "provide the Council with accurate, timely, comprehensive and sufficiently detailed information so that the Council in its judgment can effectively carry out its responsibilities," the task force update should have identified Mr. Bodnar's status. The Central Administration must be attentive to provide accurate, timely, comprehensive, and sufficiently detailed information to the Holy Synod and Metropolitan Council in the future.

7. The Metropolitan Council presentation of October 12, 2007

The presenter at the Metropolitan Council meeting of October 12, 2007, stated the opinion that all actions associated with Mr. Bodnar were legal. However, the presenter knew, or should have known, that an immigration attorney who advised the Central Administration was stating a contrary opinion.

In order to conform with the Ethics Policy provision requiring "provide the Council with accurate, timely, comprehensive and sufficiently detailed information so that the Council in its judgment can effectively carry out its responsibilities," the Metropolitan Council should have been informed about the contrary legal opinion. The Central Administration must be attentive to provide accurate, timely, comprehensive, and sufficiently detailed information to the Metropolitan Council in the future.

## 8. Knowledge of applicable laws

During the course of interviews, several appropriate interviewees were asked about the applicability of NY State Consolidated Laws, Chapter 35, Section 716. This is the provision of the NY State Laws for Non-profit organizations that prohibits making loans to directors and officers except as specified. These interviewees did not exhibit awareness of this provision of the NY State Non-profit laws.

In order to conform to the Ethics Policy provisions requiring “knowledgeable of and comply with all applicable laws and regulations,” appropriate members of the Central Administration must become cognizant of and familiar with applicable NY State Non-profit laws.

### Root Causes determined from the Investigation

The previous section identified findings of the investigation and areas in which Central Administration practice must improve to conform to the Ethics Policy. This section describes the two root causes determined for the areas identified in the previous section.

1. Problems occurred with Mr. Bodnar's tenure with the OCA due to an incomplete culture change with too much reliance on precedents of the past at the Central Administration.

This investigation determined that, while personnel at the Central Administration have changed, the manner of doing business has not changed sufficiently to conform to the recently approved Ethics Policy.

In past years, the Central Administration had a practice of finding legal interpretations favorable to directions in which the Central Administration wanted to go. With Mr. Bodnar, interpretations were made that he could begin performing functions at the chancery in a pre-employment status and could be compensated by loans. The Ethics Policy requires a higher standard. To comply with the Ethics Policy, the Central Administration must in the future seek rigorous, conservative, letter-of-the-law interpretations.

Also, in past years the Central Administration has on occasion provided incomplete and sometimes inaccurate information to the Metropolitan Council. Recently, in several instances, the Metropolitan Council was not provided full information regarding Mr. Bodnar's status. The Ethics Policy requires the Metropolitan Council be provided with accurate, timely, comprehensive and sufficiently detailed information. To comply with the Ethics Policy, members of the Central Administration must engage in self-checking to ask whether the information they are providing meets all of these standards.

The need for a complete culture change should be put on the agenda of Central Administration Management meetings<sup>4</sup>, and periodic reviews should occur with Central Administration Management on whether the culture in their areas has changed sufficiently and is continuing in a manner consistent with the Ethics Policy. The Metropolitan Council should hear a report at its Fall 2008 meeting on steps the Central Administration has taken to effect culture change. The Ethics Policy requires that the Central Administration operate on a significantly higher level than in the past, and all of the Central Administration staff must begin to embrace this.

If in the future, the Central Administration feels that particular circumstances require a variance from the rigorous, conservative, letter-of-the-law interpretations of the Ethics Policy, it should request specific approval from the Metropolitan Council.

2. Problems occurred with Mr. Bodnar's tenure with the OCA due to the lack of an OCA general counsel.

The chancery properly sought legal advice from three separate attorneys for the various issues associated with Mr. Bodnar's tenure. However, due to the lack of a general counsel and due to the lack of financial resources, the legal advice was pro bono and verbal rather than written. Toward the end of Mr. Bodnar's tenure, some of the advice of these pro bono sources conflicted.

The OCA cannot function without an attorney who will record the bases of decisions and who understands he or she is responsible for this advice. These are implicit requirements of the Ethics Policy. Therefore, a general counsel must be engaged promptly but carefully. The general counsel, once engaged, must understand that legal interpretations must be made rigorously, conservatively, and to the letter-of-the-law, in order to comply with the Ethics Policy.

### Conclusion

The Ethics Policy requires a higher standard than practiced in the past by the Central Church Administration. This investigation demonstrates that the Central Administration still has work to do to meet the standards of the Ethics Policy.

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<sup>4</sup> Central Administration management meetings refer to periodic meetings of the Chancellor, Secretary, Treasurer, Director of Ministries and Communications, along with the Reorganization Task Force and the Transition Officer, to the extent these entities continue to function within the Central Administration.

Answers to Concern 07-01 Questions  
March 25, 2008

1. What were the circumstances surrounding the original hire of Mr. Bodnar?

Did he misrepresent his immigration status to us?

*No. Mr. Bodnar identified his immigration status from the beginning. The Central Administration<sup>1</sup> sought legal advice on how to handle his immigration status as early as May 4, 2007. This is before his name was presented to Metropolitan Council.*

What were the actions taken by the Reorganization Task Force prior to Mr. Bodnar's hiring to ascertain the legality of his employment by OCA?

*Before Mr. Bodnar's hiring, the Central Administration sought legal advice (pro bono) and determined he could not be hired until his immigration paperwork was processed and approved.*

Who advised the OCA as to the legality of the action taken by OCA to bring Mr. Bodnar on staff and to "pay" him by means of loans?

*The Central Administration was advised by an attorney (pro bono) on how to help Mr. Bodnar cover his expenses before he was hired for the period until his immigration paperwork was processed. This period was expected to be short. Mr. Bodnar was never hired since his immigration paperwork never cleared.*

Was any advice provided to the contrary by competent legal professionals that was subsequently ignored or dismissed by the Reorganization Task Force or administration?

*An immigration attorney who advised the Central Administration (pro bono) stated on or before October 12, 2007, that "working for the petitioning employer before immigration*

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<sup>1</sup> The term, *Central Administration*, as used herein refers to the chancery management and staff, along with the Reorganization Task Force and the Transition Officer.

*approval could jeopardize the visa and may also have repercussions for the prospective employer." It appears this attorney felt that Bodnar was doing work for the petitioning employer. This advice was subsequently recognized in the termination settlement announced on December 3, 2007.*

Were Mr. Bodnar's legal status and the circumstances surrounding his hire fully and truthfully presented to the Metropolitan Council by the Reorganization Task Force, and/or administration, at its last meeting in October 2007 or subsequently?

*No, because all the information was not fully presented. The presenter claims that all of the information presented regarding Bodnar was truthful, to the best of his knowledge. The presenter stated the following at the October 16, 2007, Metropolitan Council meeting regarding Bodnar:*

- *Immigration processing has been delayed*
- *Bodnar is neither an Officer nor an employee of the Church*
- *Two attorneys recommend waiting for USCIS to complete review of his immigration status and not to place Bodnar on the payroll*
- *Accountant advice has enabled his expenses to be covered*

*Based on the investigation, these facts were true.*

*The presenter also opined that all of these actions were legal. This was an opinion. The presenter knew, or should have known, that the immigration attorney who advised the Central Administration had stated on or before October 12, 2007, that "working for the petitioning employer before immigration approval could jeopardize the visa and may also have repercussions for the prospective employer." In order to have fully presented the information to the Metropolitan Council, the presenter should have stated this attorney's opinion.*

*There were obviously varying opinions related to the manner Bodnar's expenses were being covered. Since this issue has not been tested in a court of law, the correctness cannot be determined of any specific opinion among the differing attorney opinions.*

2. Are any NY State Laws in regard to Non-profit organizations being violated by the Reorganization Task Force or administration? Specifically, NY State Consolidated Laws, Chapter 35,

“S 716. Loans to directors and officers”, which prohibits making loans to directors and officers except as specified.

*This provision was not violated since Bodnar was never a director or officer.*

“S 717. Duty of directors and officers”, which enjoins the exercise of good faith in making decisions, and more specifically, the penultimate sentence: “Persons shall not be considered to be acting in good faith if they have knowledge concerning the matter in question that would cause such reliance to be unwarranted.”

*It appears that all directors and officers acted in good faith in the decisions regarding Bodnar.*

“S 720. Actions on behalf of corporation”, by which directors and officers are accountable for

(A) The neglect of, or failure to perform, or other violation of his duties in the management and disposition of corporate assets committed to his charge.

(B) The acquisition by himself, transfer to others, loss or waste of corporate assets due to any neglect of, or failure to perform, or other violation of his duties.”

*Since it appears directors and officers acted in good faith with reasonable expectation of results in regards to Bodnar, there is no issue with these legal provisions.*

Concern 07-01 Investigation

March 25, 2008

Chronology of Events

**March 13, 2007** - The Secretary position is readvertized after the first search is unsuccessful.

**March - May, 2007** - The team interviews Paul Bodnar at which time he fully discloses his immigration status.

**May 4, 2007** - The chancery seeks legal advice on how to process Bodnar's immigration papers and whether Bodnar can begin employment before approval is received.

**June 6, 2007** - Evidence exists that the chancery understands that Bodnar's employment cannot legally begin until his immigration status is approved. The expectation is that Bodnar's immigration paperwork can be processed in four weeks, with an outside processing time of three months. This expectation is based on the experience of a number of individuals in handling such immigration actions.

**June 12, 2007** - Paul Bodnar is presented to Metropolitan Council, which approves his hiring. Immigration status is not mentioned because, based on experience, processing immigration papers is not perceived to be a problem.

**June 13, 2007** - Based on Metropolitan Council approval, the OCA offers a contract of employment to Bodnar. While not explicitly stated, the employment contract is contingent on resolution of immigration status that is not perceived to be a problem. The contract anticipates Bodnar starting work on August 1, 2007, which is consistent with immigration processing advice that Directors had received.

**June 18, 2007** - Bodnar accepts the OCA contract. The contract does not complete Bodnar's employment, which is contingent on immigration status, but it does create certain obligations between Bodnar and the OCA.

**June 18, 2007** - US Citizen and Immigration Service (USCIS) receives Bodnar's immigration paperwork that OCA has filed to transfer his immigration status to OCA. The paperwork was filed for premium processing, which carried the expectation of an expedited review.

**June 2007** - As some point in June 2007, Bodnar is dismissed from his position with the Greek Orthodox Archdiocese (GOA), Metropolis of San Francisco. The exact date was not determined in the investigation. It is thought to have been between the contract offer and the contract acceptance. Bodnar promptly reported this dismissal to the chancery. It is common for employers to give employees a 30-day notice following the end of employment before immigration status termination becomes effective. No evidence was discovered that GOA took action to terminate Bodnar's immigration status.

**June 28, 2007** - The OCA's check for expedited, premium processing was returned with indication that USCIS was discontinuing this expedited option.

*Note: This begins a 5-month process in which it becomes apparent that USCIS process of religion worker applications are being delayed for a number of reasons unrelated to the OCA and beyond the OCA's control. Among the reasons appear to be 1) an overload of religious worker applications and 2) increased scrutiny of religious worker applications. Below is a chart of changing expectations:*

<u>Date</u>	<u>Expected complete</u>
June 6	4 weeks to 3 months (July 6 to Sep 6)
June 18 (implicitly)	July 18 to Sep 18
June 28	mid to late August
July 20	mid August
August 21	within a few days
September 4	up to 90 days from mid-Aug, check Sep 20
September 27	ordered a trace, response due in 45 days (Nov 11)
November 13	next inquiry to be mid-January 2008
November 21 (attorney source)	any day now

*As of November 13, 2007, inquiries and traces for Bodnar application were unsuccessful and USCIS indicated no further action to inquire on the status could be made until mid-January.*

*In summary, the immigration process that, based on past experience had a reasonable expectation of completing by August or September 2007, would likely not be complete even by January 2008.*

**June 29, 2007** - In a status report, the Holy Synod is informed of the selection of Bodnar, that his starting date is contingent on Holy Synod approval and the USCIS granting his immigration status, and that immigration paperwork has been submitted to expedited its approval.

**August 2007** - Bodnar comes to Syosset with the expectation that his immigration papers will be approved. As of August 21, 2007, there is an expectation that USCIS will process Bodnar's paperwork "within a few days."

**August 11, 2007** - It is announced on the OCA website that the Reorganization Task Force met with the incoming Chancellor, Secretary, and Ministries/Communications Director.

**August 23, 2007** - Bodnar sends an email to Metropolitan Council as "Secretary, OCA."

*Note: At some time shortly after these events, it is recognized that identifying Bodnar as Secretary is not correct. Bodnar is neither employed nor Secretary because his immigration status has not been completed. Bodnar, who has relocated to NY, continues to come to the chancery but ceases to identify himself as Secretary. He functions in an indeterminate status and is never paid the salary in his contract. However, because his presence in NY is a result of obligations created by the OCA contact, he is provided loans (a lesser amount than his contracted salary) to cover certain expenses.*

**October 1, 2007** - A Reorganization Task Force Update is sent to the Holy Synod and Metropolitan Council members. This update does not identify Bodnar's immigration status problems nor the fact he is neither Secretary nor an employee.

**October 12, 2007** - An immigration attorney is on record that "working for the petitioning employer before immigration approval could jeopardize the visa and may also have repercussions for the prospective employer."

**October 16, 2007** - Metropolitan Council meeting. It was reported:

- Immigration processing has been delayed
- Bodnar is neither an Officer nor an employee of the Church
- Two attorneys recommend waiting for USCIS to complete review of his immigration status and not to place Bodnar on the payroll
- Accountant advice has enabled his expenses to be covered

**December 2, 2007** - An agreement and release is made between Bodnar and the OCA, ending his pending employment and the obligations of the OCA under the contract of July 18, 2007.

Reasons given for the agreement and release, in a December 3, 2007, email to Metropolitan Council members were stated as:

“ It became apparent that the delay in obtaining permission for temporary legal residency in the United States was becoming critical. In spite of numerous efforts to expedite the matter, no action has been taken by the United States Citizenship and Immigration Services (USCIS) with no foreseeable resolution appearing imminent. Mr. Bodnar himself was aware that it would not be possible for the OCA to wait indefinitely for this case to be resolved. Another factor which precipitated this decision was the current financial crisis which was not foreseen when the reorganization of the OCA Chancery was proposed a year ago.”

**RESOLUTION**  
**on OCA participation in the**  
**National Council of Churches in Christ**

Whereas participation of the OCA in the National Council of Churches in Christ has long been a subject of debate within the Church; including plenary discussions at the 14th All-American Council; and,

Whereas the Holy Synod announced at their July 31/August 1 session that this matter would be discussed at their Fall session in October, 2007 and "it is anticipated that a statement on this matter will be issued at that time;" and,

Whereas the minutes of the Fall session of the Holy Synod indicate no such discussion was held, neither an anticipated statement issued;

Be it therefore resolved that the Diocese of Eastern Pennsylvania;

- 1) strongly urges the Holy Synod to revisit this important matter and issue a decision in conjunction with the 15th All-American Council; and,
- 2) adds its united voice in recommending the withdrawal of the OCA from full participation in the National Council of Churches in Christ.

# RESOLUTION

## on Auditing of OCA "Church-related" Institutions

Whereas in discussions concerning diocesan property, Bishop Tikhon reported that though the Diocese Of Eastern Pennsylvania owns the house currently rented by the Diocese of Washington and New York and occupied by Metropolitan Herman, the land upon which it is situated is owned by St Tikhon's Monastery; and,

Whereas it was further reported that "there is no purchase invoice, no donation receipt and no deed for the records" that legally establishes this arrangement; and,

Whereas the Auditing Committee of the OCA is required by statute "to audit the accounts of the Treasurer and the funds of all Church-related institutions on a quarterly basis and to report to the Metropolitan Council" (Article III, Section 15); and,

Whereas the Diocesan Council, on August 16, 2007, unanimously moved to "**insist that the Metropolitan Council's financial reports and audit reviews include stavropegial institutions;**" and,

Whereas, minutes of Metropolitan Council meetings indicate NO such reports were offered nor any consideration given this motion;

Be it therefore resolved that the Diocese of Eastern Pennsylvania;

1) vigorously supports the motion unanimously approved by the Diocesan Council;

2) directs our Metropolitan Council representatives to insist said motion be placed on the agenda of their next meeting(s); and,

3) further directs our Metropolitan Council representatives to immediately communicate this action in writing to the OCA administration, Metropolitan Council, and internal church auditors, and to provide copies of this communication and updated status reports on this motion to subsequent Diocesan Council meetings for further consideration and determination of appropriate action(s).

# **Finance Committee Charter of the O.C.A.**

## **1. Purpose**

The Finance Committee (Committee) will assist the Metropolitan Council in its oversight responsibilities relating to fiscal management. In furtherance thereof, the Committee will:

1. Review and recommend approval of an annual operating budget;
2. Regularly review financial results;
3. Ensure the maintenance of an appropriate capital structure; and,
4. Oversee organization-wide financial assets.

In addition, in order to assist the Church in the proper and prudent management of its financial resources the Committee will ensure that the management employs personnel and systems capable of providing timely and accurate financial information to key decision-makers.

## **2. Committee Membership**

It is anticipated that the Committee will always include some members of the Metropolitan Council (MC). It may also include members who possess skills in the disciplines of accounting, investment management, and capital structure/finance. The Committee will have a minimum of three members. In cooperation with the treasurer and other management staff the Committee will ensure that important financial topics are reviewed in sufficient depth by the Me. The MC will appoint the Committee at its first meeting each year. The Committee will add additional members as needed.

## **3. Key Responsibilities**

To fulfill its purposes, the Committee shall:

1. **Review and Approval of an Annual Operating Budget:**  
Annually, the Committee will review the proposed annual operating budget for the ensuing fiscal year as presented by the Church management. After the review and amendment, if necessary, the Committee will recommend a final operating budget to the full MC (or to the All American Assembly) for approval. The approved operating budget formally confers spending authority for operating costs to management, subject to the policies and procedures adopted by the Church. The operating budget may be amended, as appropriate, for new or adjusted line items as long as funding for said items is secured at the time. The Committee shall have authority to spend up to \$10,000.00 beyond budgeted items.

2. **Review of the Financial Results:**  
Monthly, members of the Committee will receive and review financial statements consisting of the then current year-to-date: 1) statement of financial position, 2) income statement, 3) operating statement, 4) key financial performance benchmarks that the committee deems relevant from time-to-time. These financial statements will be accompanied by a narrative from management highlighting any financial issues and, where necessary, management actions related thereto.  
In addition, at its regularly scheduled meetings, the Committee will also review the status of the Church's financial condition and discuss, in detail, issues that emerge for review.
3. **Maintenance of an Appropriate Capital Structure:**  
From time-to-time, the Committee shall direct the management to undertake longer term financial planning to evaluate future financial needs. The Committee will review the underlying analyses and assumptions, as well as the methodology utilized. The Committee will then recommend a capital structure that best meets the Church's needs, generally in the context of personnel costs, ministries and capital expenditures.
4. **Oversee Organization-Wide Assets That Fall Under the Responsibility of the Central Church:**  
This would include all Stavropigial institutions and any other lands or assets held in the name of the Central Church.
5. **Timely/Accurate Financial Information:**  
The Committee will continually review and advise the management regarding the form, content and frequency of financial information necessary for it to fulfill its responsibilities described herein. Further, to the extent necessary to inform decision-makers, the Committee may advise management regarding key financial information and performance indicators necessary to evaluate the various internal Ministries of the Church.