



**Metropolitan Council Meeting**  
**Spring 2010**  
**Officer's Reports**



**Meeting of the Lesser Synod and Metropolitan Council  
March 1 to March 4, 2010  
Officer's Reports  
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## METROPOLITAN COUNCIL MEETING

*March 2 – 4, 2010*

### **Chancellor's Report**

The major changes, challenges and objectives involving the personnel at the Chancery of the Orthodox Church in America are outlined and explained in the thorough Secretary's Report by Fr. Eric Tosi. What should be clear from Fr. Eric's Report is that, at the present time, the Chancery's functioning abilities are dependent upon the cooperation and interaction of the Chancellor and Secretary, together with the limited support staff.

My hard-working colleague, Fr. Eric, and all of the Chancery staff, deserve acknowledgement for working under conditions that are far from ideal. At present there are only six full-time employees, and three part-timers at the Chancery. The current arrangement is functional and more-or-less effective, given the limitations. Additional help is definitely needed, and while a full-time staff assistant would certainly be welcome, it may be possible to effectively address ongoing work issues with part-time workers.

The Chancery, as indeed the entire Orthodox Church in America, is grateful to the new Treasurer, Melanie Ringa. Melanie's regular, two-day-a-week presence at the Chancery has meant that there is normal input and interaction between the church's chief financial officer and the operations of the central administration. Her professionalism, expertise, consistency and good nature are most welcome and appreciated. Aably assisting her in the Finance Office are Fr. Dennis Swencki and Jessica Linke, in accounts payable. Fr. Dennis is also developing a program to revive the Fellowship of Orthodox Stewards (FOS). In addition to her accounts receivable work, Helen Detke takes turns with Jessica as receptionists. Jessica also functions as choir director for all of the services that are conducted at St. Sergius Chapel. Frequently, and out of necessity, all of the Chancery personnel are called on to perform jobs outside of their primary duties. The teamwork spirit is a key to how the OCA Chancery is able to function. Finally, housekeeper Svetlana Raduncevna deserves credit for her multi-faceted duties at the Chancery.

1. **Metropolitan's Office.** The Chancery is the headquarters of the Orthodox Church in America and as such is the official site of the Office of His Beatitude, Metropolitan JONAH. His Beatitude is in the process of moving his primary place of residence to a house next to St. Nicholas Cathedral in Washington, D.C. The relocation is in progress, which has made it challenging to develop a fixed schedule that with normal meetings between His Beatitude and the Chancery staff. With the completion of the transfer of the Bronxville Diocesan Center to the care of Bishop-Elect Fr. Michael (Dahulich), and the final relocation to Washington, His Beatitude and the Chancery staff will be able to work out a consistent schedule with regular meetings.

There is a wide variety of work that directly involves His Beatitude and the Chancery. There is a constant stream of information and mail that deal with matters involving the world's local Orthodox Churches, as well as North American Orthodox inter-jurisdictional and ecumenical affairs. Most of these inter-church affairs come through the Chancellor's Office. In assisting His Beatitude as he considers these issues, many of which are quite complicated, we rely greatly on the competent counsel and guidance of Fr. Leonid Kishkovsky.

Communication between the OCA's Representative to the Moscow Patriarchate, Archimandrite Zacchaeus (Wood), and the Chancery is usually coordinated by the Chancellor, working directly with His Beatitude.

The Metropolitan's Office is also the place where various clergy problems and questions of discipline come. Clergy transfers, to and from other local Orthodox Churches, assignments, leaves of absence, etc. are routinely supervised by the Chancellor. In this area, I rely greatly on the knowledge and experience of Gregory Sulich. Also to be credited for assistance in a variety of areas are the contributions of Alexis Liberovsky, especially in cases where Russian language translations and/or communication is necessary. Communication with Diocesan Bishops and Chancellors, on a variety of clergy-pastoral issues, is conducted on a daily basis.

Not to be overlooked are the ever-present legal issues. The Metropolitan is kept abreast of developments on these critical and complex issues, by both Fr. Eric Tosi and myself.

We also assist His Beatitude in following up on various aspects of the process of determining suitable candidates to the episcopacy, now being sought to fill any one of the several vacant OCA dioceses.

**2. Pastoral Matters.** In addition to pastoral matters that come through the Metropolitan's Office, we receive requests and queries almost on a daily basis. These vary from questions about ordinations, placement, and transfer, to issues of parish administration, financial assistance, and misconduct. With the blessing of and input from His Beatitude, we attempt to deal with these pastoral matters as soon as possible. Frequently, we receive requests from non-OCA clergy, both from overseas and within North America, to join the Orthodox Church in America. These may be rather straight-forward canonical transfers or more complicated reception cases.

Other, occasionally unusual, pastoral matters also arrive on the Chancellor's desk. The nature of these cases may necessitate the consultation and input of other Chancellors, diocesan clergy, Metropolitan Council members or members of our Legal Committee.

The Chancellor's involvement in the life of the OCA's seminaries is also an extension of his pastoral responsibilities. There have not been as many interactions with the seminaries as is desirable, but the ones that have taken place have been very positive. Visits with seminarians at both St. Tikhon's and St. Vladimir's have taken place. A visit to St. Herman's Seminary is being planned for later this Spring. As a member of the

Board of the Trustees of all of the OCA seminaries, I have been able to attend the regular and specially scheduled meetings that occur.

**3. Legal Matters.** An unfortunate aspect of the business at the Chancery involves pending legal issues as well as issues that carry the threat of legal action. Fr. Eric's Report refers to some of the current legal issues that affect the OCA. Because most of the legal matters directly or indirectly involve members of the clergy, the Chancellor involvement is important. Fr. Eric and I work jointly, and have developed a reasonable balance in overseeing particular dimensions of the current legal matters. Both Fr. Eric and I spend a good deal of time on legal issues, and maintain frequent contact with General Counsel, Thaddeus Wojcik and the members of the Legal Committee. About these a full report will be presented to the Metropolitan Council by the Legal Committee at this meeting.

To be addressed during the meeting is the need to create a "Legal Standing Committee" which would be authorized by the Holy Synod and Metropolitan Council to act on behalf of the church in instances when legal decisions need to be made promptly.

**4. Church Departments.** The transition of Fr. Andrew Jarmus from the Chancery required that portions of the duties assigned to him be divided between Fr. Eric and myself. These duties, it should be pointed out, are not actually jobs that are done within our offices, but they do require supervision and contact from the Chancery. Although even here there is some significant sharing of responsibilities, most of Communications matters are handled by Fr. Eric while I have been overseeing the departments of the church. Much appreciated is the assistance of Protodeacon Joseph Matusiak, who has begun to coordinate some of the departmental projects. Fr. Pdn. Joseph is presently the Metropolitan's appointed Protodeacon, which he fulfills on a case-by-case basis. He continues to be the Secretary for the Diocese of the Midwest, a position that is now critical with the passing away of His Eminence, Archbishop JOB.

A major inter-departmental project is the planned "Parish Ministries Conference" which is to take place near Cleveland, June 27 – 30. The Departments of Christian Education, Youth, Young Adult and Campus Ministry and Liturgical Music and Translations have been most directly involved in the planning of this Conference. Protodeacon Joseph Matusiak has been appointed as general Coordinator, working with the respective departmental chairs. The last such similar Conference took place in the summer of 2007. At present, a convenient location, Baldwin-Wallace College in Berea, Ohio has been selected. The agenda, speakers, conference tracks and liturgical services are in the process of being developed.

**5. Office for Review of Sexual Misconduct Allegations.** The reorganization of the Office for the Review of Sexual Misconduct Allegations is a major undertaking, now still in the initial phase. Falling under the authority of His Beatitude, Metropolitan JONAH, the Office presently functions as part of the Chancellor's responsibilities. A newly appointed Committee has been blessed and charged by His Beatitude to work with and assist the Office. The initial responsibilities of the Committee are to review and

rewrite the existing *Policies and Procedures* guidelines, and to develop professional standards for conducting investigations when allegations of sexual misconduct are reported. Such investigations go beyond allegations of sexual misconduct, in cases where pastoral malfeasance or indiscretion have taken place. A meeting of the Review Committee is to take place just before the beginning of the Metropolitan Council meeting. A Report to the Council will be presented.

**6. Conclusions.** When I was appointed Chancellor on July 1, 2007, the Orthodox Church in America was in the midst of transition. Over two years later, our church is still in an evolving mode. To chart a realistic course of action for the OCA, the Strategic Planning Committee has been involved in detailed deliberations. I have been able, by invitation, to sit in and participate in meetings of the Committee. The high caliber discussions and thorough decision making process will be of immense value for the Orthodox Church in America, as we look forward to a brighter and more peaceful future.

*Report prepared by Fr. Alexander Garklavs*

**Secretary's Report**  
**Archpriest Eric G. Tosi**  
**Spring 2010 Metropolitan Council Meeting**  
**March 2 to 4, 2010**

**1. Overview**

There was yet another transition at the Chancery with the release of the Director of Ministries and Communications. This resulted in further evaluation of the structure of the Chancery staff which will be discussed at another point. For the time, the Chancellor will coordinate most department activity and the Secretary will coordinate most communications activities. This will be discussed later. Other activity concerning legal and insurance continues to make great progress. There has been a tremendous amount of meetings at the Chancery and elsewhere which require the full attention of the staff. While these are productive and useful, it does mean that we are stretched even more. There does need to be some sensitivity to the vast and varied work of the Chancery and patience with the operations. However, we are able to continue to make improvements in many areas.

**2. Human Resources/Operations**

The Human Resources committee held its inaugural meeting. There was much discussion on the focus and competency of the committee. At the present time the committee consists of volunteered members of the Metropolitan Council and selected consultants with a competency in this area. The charter and responsible actions were discussed. The major focus is on how such a committee can be of use to the Chancery and areas that need to be reviewed. The committee will be discussing issues of the Policies and Procedures manual, Best Practices document, and the Organizational Task Force findings. The work of this committee will continue and will be discussed further at this Metropolitan Council meeting by members of the committee

Ongoing projects continue with the updating of the parish files for the 501(C)3 status. While the response has been good, there still is work that needs to be continued in this area. Currently our files are close to 50% complete. Coupled with this project is the annual status report that will be filed with the IRS by April. The second project is the annual update of the Sourcebook which is proceeding. It has been decided that an annual printed Sourcebook will not be done this year due to budgetary and staffing constraints but all current information is updated on the website.

All annual performance reviews have been completed for the Chancery staff and are currently on file. There are also job descriptions for each position. These may be reviewed by the new Human Resources committee in the near future. As a review of positions and their competency is made clearer, job descriptions will also be written to reflect the new responsibilities. An example of this is the recent meeting of a Communications Task Force and the suggestions on a new position that will fill certain needs in this area. A tentative job description is being reviewed.

If the budget passes for the transition to Blackbaud, there will be a need to hire temporary consultants to effect the transition of data. This will, in turn, affect mailings lists which will need to be updated on the new database which, in turn, will be linked to the website. A full plan will be presented at a later date.

In addition, a SCOBA project on a national census of parish data is also proceeding. This census is completed every ten years and the Chancery is collecting the data from the dioceses to be used in statistical modeling that will form the core of the report. The end result will be a first full understanding of the size and reach of the Orthodox Church in America at the present time. We will be able to accurately report the size of the OCA.

Another necessary project is the ongoing update of all the parish files on compliance with the current Sexual Misconduct policy. This utilizes the documentation provided at the last meeting. Each bishop is responsible for enacting and reporting on compliance which will, in turn be, on file at the Chancery. This will demonstrate due diligence with our current policy. The forms have been sent with some response. More information on the review of the Sexual Misconduct policy will be in the Chancellor's report.

The process of vetting of Episcopal candidates has been reviewed by the Lesser Synod. There will be new guidelines issued after they are approved by the Holy Synod. The Chancery together with the Holy Synod will be putting together a process for review of candidates and maintaining those files. All candidates will go through a series of evaluations that will include background checks and psychological testing. This will be reviewed by the Holy Synod.

Insurance and benefits for members of the Orthodox Church in America continues to be examined. A regular meeting with insurance providers (church, dental, health, life and personal assistance) continues as the best product and price is examined. There are some proposals that are currently being explored to be presented to the Church as a whole. These include a new life insurance recommendation as well as more flexible benefits programs. Regular updates are being provided to the parishes in this regard. In addition, a regular review of the existing policies continues with the providers for all insurance policies for the Church and the Chancery. A board of advisors for insurance is still being formed.

There has also been a series of meetings with some other Orthodox jurisdictions on the possibility of them joining the OCA Pension Plan, health and church insurance plans as well as other ways of cooperating and sharing resources. This will be reported on in detail at the Metropolitan Council meeting.

### **3. Organization**

Archdeacon Kirill Sokolov has moved back to California but will continue to manage the website and the Diaconal Vocations Program. Protodeacon Joseph Matusiak is being utilized for certain work in department coordination and serving as the Metropolitan's

deacon and assistant in a limited way. He will remain in Chicago for the foreseeable future as he assists in the transition of a new bishop for the Diocese of the Midwest. Fr Samuel Gantt has been assigned to a parish and is no longer employed by the OCA Chancery. Jessica Linke is again full-time and Helen Detke, having returned from medical leave is part-time. The Dean of Military Chaplains continues his work and liaisons with the Secretary in certain areas. Archpriest John Matusiak is now the Media Coordinator and handles all press releases and media communications in addition to his work as the managing editor of The Orthodox Church magazine.

The Chancery welcomes the new Treasurer, Melanie Ringa, who works part-time at the Chancery. She has been an invaluable addition to the team. We have also transitioned Archpriest Dennis Swencki from controller to the part-time position of assistant to the treasurer and appeals coordinator.

#### **4. Council and Synods**

Planning for the 16<sup>th</sup> AAC has begun. After a trip to recommended locations, it was decided to hold the AAC at the Hyatt Regency in Bellevue, WA (outside of Seattle). The contract has been negotiated, and after review by the General Counsel, signed with the blessing of the Holy Synod. The date is tentatively set for the first week of November, 2011. A planning team of His Grace Bishop BENJAMIN, Fr. Myron Manzuk (council manager), Peter Ilchuk (logistics manager), Archpriest John Pierce (local clergy chair), Lynnell Brunswick (local lay chair), Dmitri Pletz (local treasurer), Michelle Mewhinney-Angel (local secretary) and the Secretary of the OCA has been formed. It is the Secretary's overall responsibility to coordinate the AAC. Initial meetings have been held as a local team is being created. A recommendation for members of the Preconciliar Commission will be presented at this meeting. They will begin to meet formulate the theme, agenda and study papers. This will be done in conjunction with the Strategic Planning Committee to ensure coordination. Plans for pilgrimages to Wilkinson and Sitka are being formed and business partnership with Alaska Air for reduced travel rates is also being finalized. There will be strict adherence to the requirements as outlined in the Statutes of the OCA (Article III, Section 5).

Other meetings continue to be planned as scheduled. Among these meetings are the Holy Synod and Lesser Synod which have been held on a more frequent basis as well as committees meetings of the Metropolitan Council. Reports will continue to be sent prior to meetings electronically. It is asked that chairs of committees keep the rest of the Metropolitan Council informed of actions. The new Metropolitan Council handbook has been delivered to the members and will be continued to be reviewed. There is also a survey that was sent to all members on behalf of the Council Development Committee that will be presented at this meeting.

There will be two special meetings planned for the spring. The first will be a Holy Synod retreat in Colorado Springs on April 26 to 29. There is also a planned Holy Synod/Metropolitan Council retreat on the Strategic Plan in July. This is currently being explored and proposal being presented.

Other meetings such as the interface with the seminaries, committees, commissions, etc continues. This can often be time consuming, as logistics of the meetings require much attention.

## **5. Archives**

The Secretary is awaiting the budget approval for the asbestos removal in the archives. It will be a major project that will require much moving of items so it must be clearly planned. Other valuable work continues as Alex Liberovsky is providing weekly Orthodox news reviews to the staff on important events in Orthodoxy. He also continues to assist the Holy Synod and staff on a daily basis as well as a host of people who come through and utilize the archives. We continue to explore different grants to assist the Church in preserving this valuable asset.

## **6. Estate Management**

Although there is a lack of finances, we continue to manage the estate to good effect. We continue to have a handyman come and repair items on an on-call basis. There is also a lot of volunteer work from local parishes to repair items as needed. The building remains clean and organized due to the diligence of our housekeeper. The grounds continue to be in good shape due to the excellent work of our contracted company. They removed some dead trees and branches that were dangerous. It is again requested to budget money to have the building's exterior cleaned and painted to prevent further deterioration on this valuable asset.

## **7. Communications**

The recent changes in the communications ministry of the OCA have led to some reevaluation of the process. A Communications Task Force met at the Chancery in December to discuss these changes. The task force consisted of the officers of the Church, Archpriest John Matusiak, Protodeacon Eric Wheeler, Mark Stokoe and John Maddox. The task force discussed proper communication channels, coordination of press releases, use of different mediums, the retooling of the website and the publishing of The Orthodox Church. An initial plan was agreed upon as well as procedures to be followed in the near future. Due to the number of positive replies the Chancery has received, the first phase has gone very well. There is more OCA news being posted and a standard style sheet utilized. Fr John Matusiak has done a great amount of work in this area and should be recognized.

Four major areas for communications need to be discussed. The first is The Orthodox Church. The use of electronic format was not well received by the Church. The Chancery received a number of negative comments. Considering that this was a strong part of the outreach of the Church, this is disturbing. The finance committee is only budgeting \$50,000 for the TOC in 2011 which at current pricing and procedures would only mean two printed issues. Fr John and others explored different ways in which four

printed issues could be published within the budgetary considerations. The basic proposal is presented. Four issues would be printed on fewer pages. There would be an elimination of certain sections to reduce the pages (i.e. clergy information statistics take an inordinate amount of space and can be published online.) Also the TOC would be sent by bulk mail to each parish for distribution. It is still to be determined how many copies will be sent but the current plan is a three tier system of small, medium and large parish numbers. Parishes will have the ability to request more copies for the next issue. Finally, slightly less quality paper will be used. All three represent a significant savings and should bring the costs to around the \$50,000 mark. This new system will take some time to tweak as the system is settled.

It should be noted that the substantial amount of the work is the same whether the magazine is printed or published electronically. It still requires the same amount of work so costs cannot be saved from that. It must also be noted that the format has changed from a news centered focus. Much of the timely news is released on the website so it does not make sense to repeat that news in the magazine. Instead, it will be more reflective and analytical. This will continue to allow the TOC to be a unifying and beneficial resource as the official record of the Church.

The next major area is the website. There was much discussion and plans for this over the past year. Much of the plans were not brought to fruition due to various circumstances. Among these circumstances are the continuing updating of the software that drives the website, the costs and manpower involved, especially considering the budgetary constraints. Finally, there is a question of proper and effective management and oversight. The task force has looked at these issues and charted a possible plan. This will include contracting an outside design team that will design the site to meet the OCA's needs and requests. No team has been decided upon as information is being gathered to find the best team for the OCA. In addition, the new website will need to integrate the OCA database from Blackbaud. It does not make sense to design a new website until this is accomplished over the next year. For example, the new database needs to have good information which will need to be gathered from the parishes and dioceses. This, in turn, will be put into the database which will then be integrated into the website. So each piece must follow the other for effective use. Finally, the website must integrate a vision that is still being discussed by the Church. There was a list of needs for the website that will be used for evaluating a new design over the next year. Of course, there will need to be money budgeted for the new project which does not seem likely in 2010. To that end, backend work will continue and other low cost redesigns will be done on the existing website.

A serious exam of the web operation is being conducted so that it is more user-friendly. The team recommends that more work be done in house for greater control on the postings and cost-savings. It has been decided that anyone employed in communications will need to have certain skill set to assist in this and will assist the communications team. In the meantime, Jessica Linke has the ability to do small editing and postings as needed. She will also be trained for other non-technical aspects such as searching for stories and reviewing press releases.

The final issue in communications is on processes. Currently, a new process has been put in place. Information is fed by the Secretary and others through to Fr John Matusiak. He reviews and writes the releases. Together with the Chancery, he prioritizes postings and coordinates other communications needs. It has worked very well and more information is being posted. This is a temporary fix to the situation that will continue for the foreseeable future. But it allows for a more consistent and directed message

## **8. Other Issues**

The OCPC contract has been reviewed by the legal counsel, signed by the Secretary, inventory taken and transferred, and the stock is now in the hands of SVS Press. They have completed their inventory and will begin their end of the operation shortly. Some inventory is now stored at the Chancery (icons and certificates) and available. The OCPC project is considered now successfully closed.

There were a series of meetings with congressional representatives to discuss various concerns of the OCA. An excellent working relationship is now established with a number of congressional representatives who support our work in such areas as pro-life issues and human rights. A set of meetings were held in Washington and will continue. There are some meetings planned in the near future to discuss some of these issues before congressional subcommittees. Much of this requires planning and coordination with different parties. All parties are very pleased with the results.

A great part of time is continuing to be spent on legal issues. This involves coordination with the General Counsel, Legal Committee, insurance companies and staff. The Chancery is pleased to report that at present all legal bills are current (no small task) and that various aspects of ongoing litigation are being addressed. There are a number of conference calls and emails in coordinating these efforts. There has truly developed a team effort between General Counsel, Legal Committee, Chancellor and Secretary. A full report will be in the Legal Committee report.

A great part of time involves logistical support and coordination of resources. An example would be the Strategic Plan Committee meetings which have taken place on a frequent basis. Other aspects as review and coordination with insurance providers, diocesan and parish administrative issues, information technology and resource collection require a major amount of work. The Chancery continues to respond effectively to the needs of the Church and receive positive feedback. The Chancery does try to get to various events to be a presence and to address issues in person. This also has been successful in rebuilding trust in the Church. Communications issues continue to be an issue on many levels. The Chancery is clearly understaffed in certain areas but are maintaining an increasingly effective mode of operation. In all things, it should be reminded, that the staff takes a pastoral approach and conducts operations as befitting a Church. This is critical for any renewed level of cooperation among different groups and for resolving the many issues that the Church still faces.

**Orthodox Church in America  
Treasurer's Report  
For the year ended December 31, 2009**

Your Beatitude, Your Eminences, Your Graces, Reverend Fathers, and members of the Metropolitan Council:

My first three months in this position have been interesting, extremely busy and for the most part very satisfying. The immediate tasks to be accomplished were the completion of the 2008 audit, revisions to the 2010 budget, finalizing 2009 and preparing all of the workpapers in preparation for the financial audit. This report will include the financial results for the year 2009, the proposed revised budget for 2010, the audit results for 2008 and then move on to projects and challenges that we have in 2010 and beyond. The main topics in my report are:

- 2009 Financial Results (Exhibits A & B)
- 2009 Investment Results (Exhibit C)
- A 4-Year Comparison of Diocesan Assessment Revenues (Exhibit D)
- 2010 Budget (Exhibit E)
- FOS Appeal Plans for 2010 (Exhibit F)
- 2008 Audit Report (Exhibit G)
- Update on Blackbaud Project

**2009 Financial Results**

The 2009 revised budget projected a net surplus before principal payments on the Honesdale loan of \$170,867 and after principal of \$75,867. Our actual net surplus was \$164,881 before the principal payments and \$69,624 after, for a negative variance of \$6,243. The "Detailed Actual versus Budget" report for 2009 follows as Exhibit A. Highlights of the main revenue and expense category actual results for the year are:

- Revenues – Total revenues were under budget by \$30,575. This is due mainly to the Diocesan Assessments coming in \$63,780 under budget, and unbudgeted revenue from the Chapel in the amount of \$26,039. The reason that the assessments were under budget is that when the revised budget had been prepared, the 2008 accruals had not been reversed. (That is, 2008 revenues that were not paid until 2009 were accrued at the end of 2008. When the payments came in they were recorded as revenue, not against the accrual account, thereby artificially increasing the revenue for 2009).
- Expenses
  - Executive Office – Salaries and Benefits were under budget by \$34,102 due to the absence of a Treasurer for a period of 6 months.
  - Administrative Office – Administration was under budget by \$68,176. The expense categories contributing to this positive variance were:
    - Salaries and Benefits – under by \$44,832
    - Legal Fees – under the budgeted \$450,000 by \$37,480.
    - Travel & meetings – over budget by \$21,174, with \$13,207 resulting from 2009 expenses in the beginning of the year that

were recorded in error against the accrual account and not the expense account. (Exhibit B attached is a breakdown of ALL travel expenses for 2009).

- Outside contractors – over budget by \$16,402 due to a charge back by SVS for 1 day/week of the Archdeacon’s time spend in Syosset.
  - Accounting Fees – under budget by \$11,518
  - Mortgage interest – under budget by \$7,227
  - Postage and mailing – under budget by \$7,098
  - All other expenses – over budget by \$2,402
- OCPC Expenses – the OCPC expenses were not in the 2009 budget at all. The actual expenses totaled \$46,937. The total sales for 2009 were \$34,410, and the \$23,708 in inventory that was on the books was written off, as SVS Press has taken over the inventory and management of OCPC as of 12/31/09.
  - Metropolitan Expenses – Total expenses were over budget by \$10,672, with Travel accounting for \$10,548 of that total. Again, see Exhibit B for an analysis of all Travel expenses for 2009.
  - Holy Synod – The Holy Synod was under budget by \$3,307, with most of this in the office expense category.
  - Liturgical Items – These expenses were for the gift for the Patriarch (\$2,000) and vestments (\$4,652) and were under budget by \$1,156.
  - Metropolitan Council – Travel and Meetings were over budget by \$4,570.76
  - Property Support – These expenses were over budget by \$3,073, with positive variances in Property Taxes (\$7,100), Auto expense (\$1,005) and Electricity (\$1,097), offset by negative variances in Grounds Maintenance (\$5,300), Telephone (\$6,402) and Heating Oil (\$2,603). The Grounds Maintenance included \$2,000 for removal of dead trees endangering the parking lot and building.
  - St. Sergius Chapel – Liturgical supplies of \$3,684 for the year and had not been budgeted.
  - Department of Communications (and TOC) – The department’s expenses for the year were overbudget by \$3,423. This negative variance was attributable to a vacation-pay accrual of \$3,756 and printing and postage for TOC (\$2,458).
  - Department of External Affairs – The expenses for the department included a distribution of \$30,060 to St. Catherine’s. The funds for this distribution were included in the Contributions revenue of \$34,471. Excluding this expense, the department was over budget by \$6,649, with the combined travel expenses over budget by \$9,747, Benefits over by \$4,092. Distributions for SCOBA and other church organizations were under budget by \$10,000.
  - Department of History and Archives – The results were a favorable variance of \$4,189 all related to Salaries and Benefits,
  - Other Special Commissions:

- Preconciliar Commission spent \$1,864 in 2009 in preparation for the 2011 AAC. There had been no budget in 2009 for this commission.
  - Repayment of 9/11 Funds – Although \$25,000 had been budgeted to be transferred back to the Restricted Fund, the transfer was not made due to the lack of cash flow.
  - Sexual Misconduct Commission – Only \$1,922 of the \$5,000 budget was spent in 2009.
  - Strategic Planning – This committee met several times in the fourth quarter and spent \$4,894 of their \$5,000 budget.
- FOS Revenue and Expenses
    - Revenues – Total FOS revenues generated were \$75,274 in the spring appeal and \$40,568.68 in the Christmas 2009 appeal.
    - Expenses – A total of \$50,021 was spent on departmental ministries, including stipends and expenses, with another \$15,451 spent on the spring FOS printing and mailing expense and \$14,665.29 on the Christmas printing and mailing.
    - Net Income – The net revenue for 2009 from the combined FOS appeals is \$30,796 (\$4,803 remaining from the Spring appeal and \$25,993 from the Christmas appeal).

### **2009 Investment Results (Exhibit C)**

Our investments totaled \$1,533,264.30 at 12/31/08. During 2009 we earned dividend and interest income of \$19,680.10, paid investment fees of \$7,768.36, sustained realized losses of \$31,838.30 and unrealized gains of \$12,803.74. We transferred \$100,000 from the main endowment back to the Restricted Money Market account to repay the funds that had been borrowed from that account in April 2009. The annuity distributions were \$87,915.90. Our total investment portfolio at 12/31/09 was \$1,338,355.91. All of the equities were sold and the remaining funds invested in cash, CD's, money market funds, treasuries and corporate bonds. The Investment Committee will be working this year to establish an Investment Policy to guide our investment decisions going forward.

### **Member Assessment Revenues (Exhibit D)**

In 1990 the total reported membership of the eight OCA dioceses was 30,783. By 2009 it had dropped to 22,942, for a decline of 7,841 or 25.5%. 15% of this drop occurred in the decade from 2000 through 2009. The audited financials show a corresponding decline in assessment revenues of just over \$250,000 annually between the years 2006 and 2009, and a decline in total annual revenues (excluding investment results) of \$580,000 in that same period of time. Exhibit D contains the reported membership numbers annually from 1990 through 2009, as well as the assessments and other revenues for the years 2006 through 2009 (2006, 2007 and 2008 are from the audited financials, 2009 is from the internal financial report). The decrease in revenues has resulted in the reduction of Central Administration staff, with numerous functions being handled by part time employees. Programs have also unfortunately been reduced tremendously. If the

declines in membership and revenues continue at the pace we witnessed over the last decade, the viability of the national church will be doubtful by the year 2015. As the Strategic Planning Committee works to develop a long-range plan for the Church, there are two finance-related issues that must be honestly addressed:

- Reported Membership – Is the reported membership the true membership? As the Central Administration works to regain the trust of all our members in terms of accountability and transparency, this must be a partnership that “goes both ways”. If the reported membership is true, the reality is staggering. If our membership is truly declining at this pace, what are we planning to do to stop this trend?
- Assessments – The annual assessment amount and methodology is developed and approved at the All American Councils, and it is imperative that the decisions made be complied with until the next AAC. In the meantime, there is an inverse correlation with the membership numbers. The best way to decrease the annual assessment per member is to increase the membership.

As we approach the 2011 All American Council, I look forward to continuing these discussions with all of you.

#### **2010 Budget (Exhibit E-Revised)**

The 2010 budget as approved on a provisional basis at the September 2009 Metropolitan Council Meeting called for a Net Surplus of \$60,000. At the September meeting the MC approved several resolutions calling for changes to that provisional budget. These changes have been made, as well as various other changes, resulting in a revised budget that contemplates a net surplus of \$68,096, after principal payments on the Honesdale loan. The major changes that were made are as follows:

- Increase legal fees by \$100,000 from \$250,000 to \$350,000 (approved per resolution H.2.1)
- Removed the \$50,000 for Washington, D.C. transition (approved per resolution H.2.1)
- Added the Housing allowances for the Metropolitan and two Officers (\$21,802.50)

The following changes were made with the acknowledgement of the Finance Committee:

- Diocesan Assessments increased by \$162,870 from \$2.237 million to \$2.4 million to more closely reflect the 2009 actual membership numbers.
- Salaries Expenses decreased by \$83,609.72 due to the elimination of several positions in the administration.
- Benefits Expenses increased by \$48,792.82, which includes the Housing Allowance of \$21,802.50, along with a projected 15% increase in medical insurance premiums and Health Savings Account funding.
- Other Administrative Expenses increased by \$111,653 **including** the \$100,000 increase in Legal Fees. Other administrative expenses that changed are:
  - Accounting Fees decreased by \$25,000 due to in-house preparation of the workpapers;
  - Blackbaud Project costs decreased by \$9,796;

- Outside contractors increased by \$58,000. This is partially offset by the salary decreases noted above (\$52,000), as the Controller and Metropolitan's deacon were originally budgeted as employees. The remaining \$6,000 is web-maintenance that is simply a continuation of the 2009 fees but was not included in the original 2010 budget.
- Telephone expenses decreased by \$12,480 due to termination of our contract with Paetech and change to service by Optimum Cablevision.
- Interest expense decreased by \$9,645 to reflect the amortization schedule on the Honesdale loan;
- Payroll processing fees increased by \$1,700 to reflect the current expenses with ADP.
- Other expenses increased by \$10,000 for re-stocking the St. Innocent Bronze medals.
- Property Support Expenses decreased by \$3,884 with most of this coming in the property tax area.
- Department of Communications and Ministries decreased by \$14,724 due to elimination of web redesign (\$27,000), decrease in office supplies expense by \$4,500 to reflect actual 2009 expenses, decrease in website hosting of \$8,400 to reflect the current arrangements, and increase of \$25,000 in the TOC printing/mailing budget.
- Department of External Affairs increased by \$2,355 to include items such as postage, bank fees and internet fees that were not included in the original budget.
- Strategic Planning Committee budget increased by \$13,000 as the committee presented their plan for 2010.
- Diaconal Vocations Program line item was added for \$9,000 to reflect the stipend to Archdeacon Kirill Sokolov who assumed these responsibilities when Father Andrew Jarmus left at the end of 2009.
- \$25,000 was added for an anticipated visit by the Patriarch of Georgia tentatively scheduled for fall 2010.

### **FOS Appeals for 2010 (Exhibit F)**

As you know, there has not been an official FOS Director now for quite some time. For 2010 we have developed a plan that is intended to be a very small step in FOS renewal. Since the Development area falls under the duties of the Treasurer, I have asked Father Dennis Swencki to assist in the development and implementation of a fund-raising plan for 2010. For the last eighteen months Father Dennis has performed the duties as Controller. He will now be my assistant on a part-time basis to transition accounts payable and payroll duties to Jessica and to spend his time on the FOS appeals. Attached is our FOS Appeals plan for 2010.

### **2008 Financial Audit Report (Exhibit G)**

The 2008 audit by Lambrides has been completed. A draft of their report is attached, and the final bound copies will be available later this year. For 2008 we sustained a net deficit of \$1,259,715 after depreciation and amortization (\$59,082), Net investment loss

(\$474,565), negative change in actuarial value of unitrusts (\$192,937), and total professional fees of \$614,913.

The audit opinion is a “qualified” opinion due to the lack of accounting records on the utilization of temporarily restricted net assets prior to 2008, and the lack of classification of net assets as unrestricted, temporarily restricted or permanently restricted based on donor intent. In moving forward we will discuss with Lambrides, or any other CPA firm engaged to perform the annual audit, ways to substantiate and properly classify the net assets in order to remove the qualification from future audits.

### **Update on Blackbaud Project**

Now that the 2008 audit has been completed and 2009 closed and the financial workpapers finished we are prepared to initiate the Blackbaud project. We have been assigned a project manager and will be working with him over the coming months to convert our financial database and system to the Financial Edge, and our donor, parish, clergy and other databases to the Raiser’s Edge. Once we have a definitive plan and timetable established we will share this with you and provide you with progress reports throughout the project.

While we still face many challenges I pray that we will open our hearts and minds and allow the Holy Spirit to guide us to do God’s will.

Respectfully submitted,



Melanie Ringa  
Treasurer

**Orthodox Church in America  
Addendum to Treasurer's Report  
For the year ended December 31, 2009  
March 10, 2010**

**Subsequent to the Metropolitan Council meeting held March 3-4, 2010 we received an invoice from our General Counsel for legal services rendered in 2009. The financial statements for 2009 have been revised to reflect this invoice. The total change for the year was Legal Fee Expense of \$41,106.80, which resulted in a net operating surplus of \$59,313.20 instead of the \$100,420 reported at the meeting. Exhibit A has been revised to reflect this invoice.**



**Melanie Ringa  
Treasurer**

Orthodox Church in America  
Detailed Actual versus Budget - Unrestricted Accounts  
(Accrual Basis)  
For the period January 1, 2009 through December 31, 2009  
Rewised 3/10/10

Exhibit A  
Revised

	<u>Actual</u> <u>2009</u>	<u>Annual</u> <u>Budget</u>	<u>Variance</u> <u>to Budget</u>
<b>REVENUES</b>			
Diocesan Assessments	\$ 2,415,886.90	\$ 2,479,666.91	\$ (63,780.01)
Contributions	\$ 34,471.03	\$ 33,220.99	\$ 1,250.04
St. Sergius Chapel	\$ 26,039.00	\$ -	\$ 26,039.00
Departmental Programs	\$ 3,935.20	\$ 4,835.40	\$ (900.20)
OCPC Net Revenue	\$ 10,782.53	\$ -	\$ 10,782.53
Voluntary Support & Bequests	\$ 10,000.00	\$ 10,000.00	\$ -
Dividend & Interest Income	\$ 3,110.38	\$ 3,284.78	\$ (174.40)
Yearbook & Subscriptions	\$ 1,055.00	\$ 1,447.50	\$ (392.50)
Misc Other	\$ 9,744.57	\$ 13,144.01	\$ (3,399.44)
<b>TOTAL REVENUES</b>	<b>\$ 2,515,024.61</b>	<b>\$ 2,545,599.59</b>	<b>\$ (30,574.98)</b>
<b>EXPENSES</b>			
<b>Executive Offices</b>			
Salaries	\$ 317,010.97	\$ 327,898.76	\$ (10,887.79)
Benefits	\$ 64,724.63	\$ 87,938.14	\$ (23,213.51)
Office Expenses	\$ 2,046.37	\$ -	\$ 2,046.37
	<u>\$ 383,781.97</u>	<u>\$ 415,836.90</u>	<u>\$ (32,054.93)</u>
<b>Administrative Offices</b>			
Salaries	\$ 139,444.07	\$ 151,533.51	\$ (12,089.44)
Benefits	\$ 95,210.12	\$ 120,386.36	\$ (25,176.24)
Legal	<b>\$ 453,627.12</b>	\$ 450,000.00	\$ 3,627.12
Outside contractors	\$ 91,402.35	\$ 75,000.00	\$ 16,402.35
Mortgage interest	\$ 76,772.63	\$ 84,000.00	\$ (7,227.37)
Accounting	\$ 59,785.67	\$ 71,303.51	\$ (11,517.84)
Travel & meetings - central admin	\$ 46,174.31	\$ 25,000.00	\$ 21,174.31
Telephone	\$ 30,389.39	\$ 33,797.13	\$ (3,407.74)
Equipment leasing	\$ 23,989.28	\$ 26,794.13	\$ (2,804.85)
Postage, mailing services	\$ 21,798.27	\$ 28,896.39	\$ (7,098.12)
Computer expense	\$ 11,353.27	\$ 13,013.36	\$ (1,660.09)
Stipend (Mat. Glagolev)	\$ 11,400.00	\$ 11,400.00	\$ -
Office Supplies	\$ 10,994.46	\$ 11,210.87	\$ (216.41)
Food	\$ 5,985.44	\$ 4,500.00	\$ 1,485.44
Other administrative expenses	\$ 2,984.90	\$ 2,489.13	\$ 495.77
Insurance - D&O	\$ 3,721.40	\$ 5,493.00	\$ (1,771.60)
Payroll processing fees	\$ 3,188.17	\$ 3,316.43	\$ (128.26)
Office expense	\$ 2,729.13	\$ 2,525.84	\$ 203.29
Auto Expenses	\$ 2,574.10	\$ -	\$ 2,574.10
Medical Ethics salaries & benefits	\$ 2,546.65	\$ 2,553.61	\$ (6.96)
Bank fees, registration fees	\$ 2,340.60	\$ 2,373.21	\$ (32.61)
Books, subscriptions, dues & other	\$ 1,733.48	\$ 1,628.05	\$ 105.43
<b>Total Administrative Offices</b>	<b>\$ 1,100,144.81</b>	<b>\$ 1,127,214.53</b>	<b>\$ (27,069.72)</b>
<b>OCPC Expenses</b>			
Stipends	\$ 15,000.00	\$ -	\$ 15,000.00
Printing & Copying	\$ 11,180.75	\$ -	\$ 11,180.75
Rent & Utilities	\$ 8,330.00	\$ -	\$ 8,330.00
Postage & Mailing	\$ 3,419.98	\$ -	\$ 3,419.98
Outside Contract Services	\$ 1,750.39	\$ -	\$ 1,750.39
Books & subscriptions	\$ 1,494.30	\$ -	\$ 1,494.30
Travel	\$ 3,271.93	\$ -	\$ 3,271.93
Telephone	\$ 1,280.61	\$ -	\$ 1,280.61
Office Supplies & Expenses	\$ 1,208.94	\$ -	\$ 1,208.94
<b>Total OCPC Expenses</b>	<b>\$ 46,936.90</b>	<b>\$ -</b>	<b>\$ 46,936.90</b>
<b>Metropolitan Expenses</b>			
Metropolitan Travel	\$ 45,548.17	\$ 35,000.00	\$ 10,548.17
Office expense	\$ 3,583.60	\$ 3,459.89	\$ 123.71
<b>Total Metropolitan Expenses</b>	<b>\$ 49,131.77</b>	<b>\$ 38,459.89</b>	<b>\$ 10,671.88</b>

	<b>Actual 2009</b>	<b>Annual Budget</b>	<b>Variance to Budget</b>
<b>Holy Synod</b>			
Travel	\$ 49,116.92	\$ 45,000.00	\$ 4,116.92
Office expenses	\$ 8,065.25	\$ 12,256.73	\$ (4,191.48)
Charity	\$ 8,450.00	\$ 7,800.00	\$ 650.00
Food	\$ 7,162.96	\$ 4,896.26	\$ 2,266.70
Moving expenses	\$ 3,292.07	\$ 4,938.11	\$ (1,646.04)
Office supplies	\$ 2,786.80	\$ 4,180.20	\$ (1,393.40)
Books, publications	\$ 1,123.70	\$ 1,685.55	\$ (561.85)
Other	\$ 372.70	\$ 1,373.86	\$ (1,001.16)
<b>Total Holy Synod</b>	<b>\$ 80,370.40</b>	<b>\$ 82,130.71</b>	<b>\$ (1,760.31)</b>
<b>Liturgical Items</b>	<b>\$ 6,652.04</b>	<b>\$ 7,808.64</b>	<b>\$ (1,156.60)</b>
<b>Metropolitan Council</b>			
Travel and Meetings	\$ 29,570.76	\$ 25,000.00	\$ 4,570.76
<b>Property Support</b>			
Salaries	\$ 66,171.05	\$ 65,910.62	\$ 260.43
Lawn	\$ 28,550.00	\$ 23,250.00	\$ 5,300.00
Benefits	\$ 25,287.79	\$ 25,789.80	\$ (502.01)
Insurance	\$ 22,532.64	\$ 23,431.61	\$ (898.97)
Property tax	\$ 14,200.29	\$ 21,300.44	\$ (7,100.15)
Auto expense	\$ 13,994.65	\$ 15,000.00	\$ (1,005.35)
Electricity	\$ 12,995.14	\$ 14,092.02	\$ (1,096.88)
Heating oil	\$ 11,069.21	\$ 8,466.68	\$ 2,602.53
Telephone	\$ 6,401.59	\$ -	\$ 6,401.59
Garbage removal	\$ 1,935.64	\$ 1,945.14	\$ (9.50)
General repairs	\$ 1,550.69	\$ 2,441.30	\$ (890.61)
Janitorial	\$ 1,412.35	\$ 1,142.70	\$ 269.65
Outside contractors	\$ 1,334.86	\$ 2,002.29	\$ (667.43)
Gas & Water	\$ 976.80	\$ 1,013.88	\$ (37.08)
Exterminating	\$ 745.00	\$ -	\$ 745.00
Other	\$ 586.92	\$ 884.86	\$ (297.94)
<b>Total Property Support</b>	<b>\$ 209,744.62</b>	<b>\$ 206,671.34</b>	<b>\$ 3,073.28</b>
<b>St. Sergius Chapel</b>			
Liturgical Supplies	\$ 3,684.82	\$ -	\$ 3,684.82
<b>Department of Communications and Ministries</b>			
Salaries - Communications	\$ 90,049.70	\$ 86,293.50	\$ 3,756.20
Printing, copying and postage "TOC"	\$ 53,177.99	\$ 50,719.89	\$ 2,458.10
The Orthodox Church - Salaries	\$ 47,356.65	\$ 47,517.74	\$ (161.09)
Benefits - Communications	\$ 29,028.70	\$ 30,765.00	\$ (1,736.30)
Contract web master	\$ 11,964.25	\$ 14,782.50	\$ (2,818.25)
Website hosting and maintenance	\$ 6,050.00	\$ 6,000.00	\$ 50.00
The Orthodox Church - Benefits	\$ 2,102.72	\$ 2,566.16	\$ (463.44)
Telephone	\$ 1,254.76	\$ -	\$ 1,254.76
Travel & Parking	\$ 898.60	\$ 536.84	\$ 361.76
Office supplies & postage	\$ 960.97	\$ 209.01	\$ 751.96
Internet	\$ 576.00	\$ 432.00	\$ 144.00
Equipment rental	\$ 349.27	\$ 523.91	\$ (174.64)
<b>Total Department of Communications and Ministries</b>	<b>\$ 243,769.61</b>	<b>\$ 240,346.55</b>	<b>\$ 3,423.06</b>
<b>Department of External Affairs</b>			
Salaries - External Affairs	\$ 32,837.33	\$ 32,123.48	\$ 713.85
St. Catherine's - Distribution	\$ 30,060.00	\$ -	\$ 30,060.00
St. Catherine's - Salaries	\$ 27,612.24	\$ 27,612.24	\$ -
Interchurch travel	\$ 23,310.16	\$ 15,000.00	\$ 8,310.16
St. Catherine's - Benefits	\$ 12,517.70	\$ 6,752.55	\$ 5,765.15
St. Catherine's - Travel	\$ 2,819.85	\$ 1,383.08	\$ 1,436.77
Telephone & office expense	\$ 2,649.30	\$ 297.33	\$ 2,351.97
Benefits - External Affairs	\$ 2,269.06	\$ 3,941.85	\$ (1,672.79)
St. Catherine's - Other	\$ 1,626.11	\$ 2,107.50	\$ (481.39)
Cable, Postage & Parking	\$ 539.82	\$ 314.86	\$ 224.96
SCOBA	\$ -	\$ 5,000.00	\$ (5,000.00)
Other interchurch organizations	\$ -	\$ 5,000.00	\$ (5,000.00)
<b>Total Department of External Affairs</b>	<b>\$ 136,241.57</b>	<b>\$ 99,532.89</b>	<b>\$ 36,708.68</b>
<b>Department of History and Archives</b>			

	<b>Actual 2009</b>	<b>Annual Budget</b>	<b>Variance to Budget</b>
Salaries	\$ 66,294.20	\$ 69,823.05	\$ (3,528.85)
Benefits	\$ 25,816.16	\$ 26,504.19	\$ (688.03)
Supplies	\$ 431.30	\$ 403.80	\$ 27.50
<b>Total Department of History and Archives</b>	<b>\$ 92,541.66</b>	<b>\$ 96,731.04</b>	<b>\$ (4,189.38)</b>
<b>Preconciliar Commission</b>	<b>\$ 1,863.86</b>	<b>\$ -</b>	<b>\$ 1,863.86</b>
<b>Repayment of 9/11 Funds to the Restricted Endowmen</b>	<b>\$ -</b>	<b>\$ 25,000.00</b>	<b>\$ (25,000.00)</b>
<b>Policies and Procedures Regarding Sexual Misconduct</b>	<b>\$ 1,922.00</b>	<b>\$ 5,000.00</b>	<b>\$ (3,078.00)</b>
<b>Strategic Planning</b>	<b>\$ 4,893.55</b>	<b>\$ 5,000.00</b>	<b>\$ (106.45)</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 2,391,250.34</b>	<b>\$ 2,374,732.49</b>	<b>\$ 16,517.85</b>
<b>OPERATING INCOME BEFORE PRINCIPAL PAYMENTS</b>	<b>\$ 123,774.27</b>	<b>\$ 170,867.10</b>	<b>\$ (47,092.83)</b>
<b>HONESDALE LOAN PRINCIPAL PAYMENTS</b>	<b>\$ 95,257.40</b>	<b>\$ 95,000.00</b>	<b>\$ 257.40</b>
<b>NET OPERATING INCOME</b>	<b><u>\$ 28,516.87</u></b>	<b><u>\$ 75,867.10</u></b>	<b><u>\$ (47,350.23)</u></b>
<b>FOS Income &amp; Expenses</b>			
FOS - Spring 2009 Appeal	\$ 75,274.10	\$ -	\$ 75,274.10
FOS - Christmas 2009 Appeal	\$ 40,658.68	\$ -	\$ 40,658.68
<b>Departmental Expenses</b>			
Department of Chaplaincy	\$ 11,686.74	\$ -	\$ 11,686.74
Department of Humanitarian Aid	\$ 1,045.85	\$ -	\$ 1,045.85
Department of Evangelization	\$ 4,000.00	\$ -	\$ 4,000.00
Department of Liturgical Music & Translations	\$ 8,749.34	\$ -	\$ 8,749.34
Department of Pastoral Life & Vocational Development	\$ 4,000.00	\$ -	\$ 4,000.00
Department of Christian Education	\$ 14,566.20	\$ -	\$ 14,566.20
Department of Youth and Young Adults	\$ 6,022.51	\$ -	\$ 6,022.51
Department of Christian Service	\$ 4,000.00	\$ -	\$ 4,000.00
Department of Christian Witness	\$ 550.00	\$ -	\$ 550.00
Department of Late Vocations	\$ 400.00	\$ -	\$ 400.00
<b>Total Departmental Expenses</b>	<b>\$ 55,020.64</b>	<b>\$ -</b>	<b>\$ 55,020.64</b>
FOS Printing and Mailing Expense	\$ 30,115.81	\$ -	\$ 30,115.81
<b>TOTAL FOS Expense</b>	<b>\$ 85,136.45</b>	<b>\$ -</b>	<b>\$ 85,136.45</b>
<b>Net FOS Income</b>	<b><u>\$ 30,796.33</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 30,796.33</u></b>
 <b>GRAND TOTAL NET INCOME - 2009</b>	 <b><u>\$ 59,313.20</u></b>	 <b><u>\$ 75,867.10</u></b>	 <b><u>\$ (16,553.90)</u></b>

**Orthodox Church in America  
Travel Expenses - 2009**

<u>Department</u>	<u>Description</u>		<u>Total</u>	<u>% of Total</u>
105	Central Administration	\$ 40,623.67		
107	Executive	<u>\$ 5,550.64</u>		
	Total Administration		\$ 46,174.31	21.6%
120	External Affairs	\$ 23,310.16		
170	St. Catherine's	<u>\$ 2,819.85</u>		
	Total External Affairs		\$ 26,130.01	12.2%
135	Property Support		\$ 314.99	0.1%
140	TOC	\$ 345.20		
155	Communications	<u>\$ 553.40</u>		
	Total TOC & Communications		\$ 898.60	0.4%
150	Holy Synod		\$ 49,116.92	23.0%
151	Office of the Metropolitan		\$ 45,548.17	21.3%
160	OCPC		\$ 3,271.93	1.5%
165	Metropolitan Council	\$ 16,477.61		
167	Audit Committee	\$ 128.20		
169	St. Tikhon's SIC	<u>\$ 10,911.45</u>		
	Total Metropolitan Council		\$ 27,517.26	12.9%
175	Preconciliar Commission		\$ 1,033.86	0.5%
179	Sexual Misconduct		\$ 1,922.00	0.9%
183	Strategic Planning		\$ 3,801.80	1.8%
211	Charity		\$ 498.74	0.2%
 <i>FOS Departments:</i>				
118	Christian Education	\$ 2,996.20		
125	Humanitarian Aid	\$ 498.00		
145	Youth Ministry	\$ 1,801.98		
177	Chaplaincy	<u>\$ 2,276.74</u>		
	Total FOS Travel		\$ 7,572.92	3.5%
<b>GRAND TOTAL</b>			<b><u>\$ 213,801.51</u></b>	<b>100.0%</b>

**Exhibit B****Orthodox Church in America  
Travel Expenses - 2009  
Administrative Department**

<u>Description</u>	<u>Amount</u>
Audit	\$ 297.00
Boback)	\$ 183.00
E Z Pass New York	\$ 41.44
East Norwich Inn	\$ 841.50
FOS Travel	\$ 992.70
Garklavs, Alexander	\$ 4,566.85
Gousseff, Anfisa - rent	\$ 5,000.00
Lazor, Theodosius Kondratick lawsuit	\$ 378.40
Matsko M/C Lodgings-2 Nights-2-19,20-09	\$ (100.00)
MJ Travel to Chicago	\$ (1,108.00)
Parking Willets Management Systems, Inc.	\$ 234.00
Pension	\$ 3,414.87
Rentel Travel to Bulgaria	\$ (500.00)
Reverse accruals Dec 2008	\$ 9,643.16
Ringa, Melanie	\$ 247.05
Stevens Br Gregory_Dallas	\$ 493.39
Sulich Synod/MC Mileage Reimbursement	\$ 164.07
Swencki Mileage Reimbursement	\$ 13,097.19
Tassos, Michael	\$ 5,865.12
Tate, Fr Matthew	\$ 99.00
Tosi Fr. Eric	\$ 2,323.57
<b>Totals</b>	<b>\$ 46,174.31</b>

**Exhibit B**

**Orthodox Church in America  
Travel Expenses - 2009  
Office of the Metropolitan**

<u>Description</u>	<u>Amount</u>
Accrued expenses	\$ 1,095.46
Amex bill paid on line	\$ 2,551.29
Daniel - NYC to Jacksonville, FL to NYC	\$ 748.40
FOS Tours & Travel, Inc.	\$ 4,726.88
Garklavs Trip to Georgia	\$ 1,000.00
Kishkovsky - Istanbul to Moscow	\$ 2,335.84
Metropolitan Jonah	\$ 13,408.90
Sokolov	\$ 3,709.73
Stevens	\$ 15,971.67
<b>Totals</b>	<b>\$ 45,548.17</b>

**Exhibit B**

**Orthodox Church in America  
Travel Expenses - 2009  
External Affairs**

<u>Description</u>	<u>Amount</u>
Bouteneff Peter C.	\$ 2,498.72
Kishkovsky - Kiev	\$ 16,570.08
Meyendorff, Paul	\$ 2,722.10
Rentel, Alexander	\$ 1,519.26
Wood, Seraphim	\$ 2,819.85
<b>Totals</b>	<b><u><u>\$ 26,130.01</u></u></b>

Exhibit C

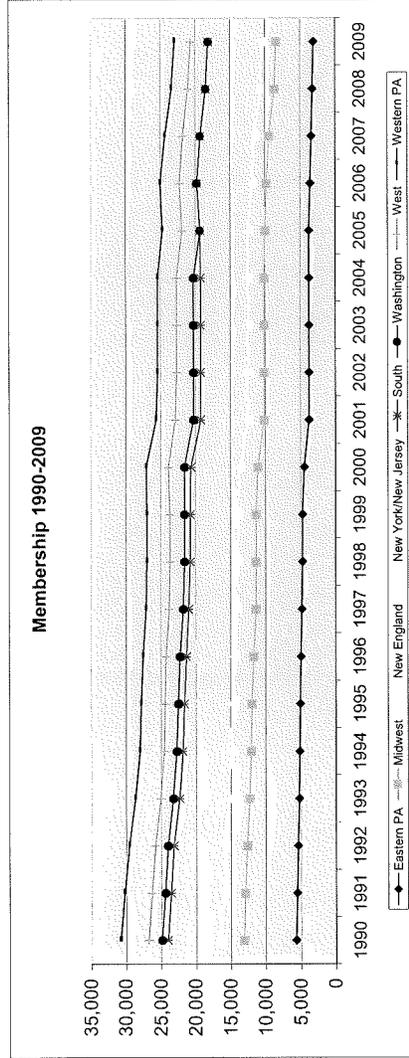
The Orthodox Church in America  
Investment Results  
For the Year 2009

<u>Account #</u>	<u>Description</u>	<u>1/1/2009</u>	<u>Transfers/ Distributions</u>	<u>Dividends/ Interest</u>	<u>Investment Fees</u>	<u>Realized Gains/(Losses)</u>	<u>Unrealized Gains/(Losses)</u>	<u>12/31/2009</u>
Honesdale National Bank 340932ORTH	Main Endowment	\$ 559,342.79	\$ (100,000.00)	\$ 5,146.27	\$ (2,485.01)	\$ -	\$ (829.31)	\$ 461,174.74
Honesdale National Bank 340933ORTH	FOS Endowment Fund	\$ 67,113.86	\$ 120.68	\$ 777.37	\$ (350.09)	\$ -	\$ -	\$ 67,661.82
Honesdale National Bank 340934ORTH	St. Andrews Endowment Fund	\$ 100,101.97	\$ 9.65	\$ 1,242.55	\$ (521.80)	\$ -	\$ -	\$ 100,832.37
Wells Fargo Advisors 1366-9885	A and B York Annuity Trust	\$ 390,516.72	\$ (76,340.51)	\$ 3,565.15	\$ (860.91)	\$ (23,652.70)	\$ 146.58	\$ 293,374.33
Wells Fargo Advisors 7045-9429	John I McGuire Nimcrut Trust	\$ 216,774.92	\$ (4,855.04)	\$ 3,562.23	\$ (1,869.66)	\$ (5,071.31)	\$ (330.20)	\$ 208,210.94
Wells Fargo Advisors 8642-9276	Antonia Rotko Nimcrut Trust	\$ 144,474.51	\$ (2,132.72)	\$ 1,489.57	\$ (1,680.89)	\$ (4,714.13)	\$ 217.95	\$ 137,654.29
Wells Fargo Advisors 6668-3292	Lydia Kavalenko Nimcrut Trust	\$ 54,939.53	\$ (4,587.63)	\$ 3,896.96	\$ -	\$ 1,599.84	\$ 13,598.72	\$ 69,447.42
<b>Totals</b>		<b>\$ 1,533,264.30</b>	<b>\$ (187,785.57)</b>	<b>\$ 19,680.10</b>	<b>\$ (7,768.36)</b>	<b>\$ (31,838.30)</b>	<b>\$ 12,803.74</b>	<b>\$ 1,338,355.91</b>

**ORTHODOX CHURCH IN AMERICA**  
**Supporting Membership**  
**1990-2010**

EXHIBIT D

DIOCESE	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1990-2009 +/-
Eastern PA	5,705	5,560	5,416	5,246	5,184	5,088	4,967	4,846	4,714	4,714	4,452	3,770	3,770	3,770	3,770	3,770	3,580	3,414	3,250	3,112	-2,593
Midwest	7,365	7,363	7,205	7,048	6,863	6,863	6,722	6,506	6,605	6,605	6,598	6,356	6,356	6,356	6,356	6,211	6,208	6,008	5,374	5,279	-2,106
New England	3,367	3,158	3,098	2,983	2,908	2,824	2,761	2,756	2,689	2,689	2,654	2,361	2,361	2,361	2,361	2,445	2,100	2,076	2,041	2,041	-1,326
New York/New Jersey	6,312	6,207	6,137	5,930	5,755	5,579	5,570	5,466	5,359	5,359	5,300	4,630	4,630	4,630	4,630	4,763	5,625	5,466	5,431	5,262	-1,050
South	1,272	1,290	1,294	1,150	1,151	1,272	1,291	1,405	1,379	1,379	1,634	2,105	2,105	2,105	2,105	2,105	2,225	2,304	2,372	2,401	1,129
Washington	838	817	870	889	865	877	841	824	847	847	934	1,020	1,020	1,020	1,020	0	0	0	0	0	-838
West	1,876	1,895	1,782	1,774	1,795	1,887	1,972	1,988	2,063	2,063	2,287	2,608	2,397	2,397	2,397	2,595	2,463	2,519	2,500	2,497	621
Western PA	4,028	3,940	3,744	3,634	3,504	3,445	3,348	3,310	3,295	3,295	3,190	2,788	2,788	2,788	2,788	2,788	2,788	2,528	2,414	2,350	-1,678
<b>Total OCA Dioceses</b>	<b>30,783</b>	<b>30,230</b>	<b>29,546</b>	<b>28,654</b>	<b>28,025</b>	<b>27,835</b>	<b>27,572</b>	<b>27,101</b>	<b>26,951</b>	<b>26,951</b>	<b>27,049</b>	<b>25,638</b>	<b>25,427</b>	<b>25,427</b>	<b>25,427</b>	<b>24,671</b>	<b>24,989</b>	<b>24,315</b>	<b>23,382</b>	<b>22,942</b>	<b>-7,841</b>
	-1.8%	-2.3%	-2.3%	-3.0%	-2.2%	-0.7%	-0.9%	-1.7%	-0.6%	0.0%	0.4%	-5.2%	-0.6%	0.0%	0.0%	-3.0%	1.3%	-2.7%	-3.8%	-1.9%	<b>-25.5%</b>



	REVENUES 2006 - 2009			Variance from 2006		
	2006	2007	2008	2009	\$	%
Assessments	\$ 2,673,712	\$ 2,630,054	\$ 2,538,076	\$ 2,416,246	\$(257,466)	-10%
Other	\$ 621,605	\$ 507,730	\$ 317,810	\$ 299,163	\$(322,442)	-52%
<b>Total</b>	<b>\$ 3,295,317</b>	<b>\$ 3,137,784</b>	<b>\$ 2,855,886</b>	<b>\$ 2,715,409</b>	<b>\$(579,908)</b>	<b>-18%</b>

Orthodox Church in America  
Final Proposed Budget - FY2010  
Revised March 9, 2010

EXHIBIT E

	<u>Actual</u> 31-Dec-09	<u>Scenario # 3</u> Annual Budget	<u>Final Proposed</u> Annual Budget	<u>Changes</u> Increase/(Decrease)
<b>Operating Income</b>				
<b><u>Diocesan Assessments</u></b>	\$ 2,415,886.90	\$ 2,237,130.29	\$2,400,000.00	\$ 162,869.71
<b><u>Miscellaneous Income</u></b>			\$ -	
Contributions	\$ 34,471.03	\$ -	\$ -	\$ -
Yearbook & Subscriptions	\$ 1,055.00	\$ -	\$ -	\$ -
OCPC Net Revenues	\$ 10,782.53	\$ -	\$ -	\$ -
Misc. Income	\$ 9,744.57	\$ -	\$ -	\$ -
Interest income	\$ 3,110.38	\$ -	\$ -	\$ -
Voluntary Support & Bequests	\$ 10,000.00	\$ -	\$ -	\$ -
<b>Total Miscellaneous Income</b>	<u>\$ 69,163.51</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Designated Income</u></b>				
Department programs & St Sergius Chapel	\$ 29,974.20	\$ -	\$ -	\$ -
<b>Total Designated Income</b>	<u>\$ 29,974.20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Operating Income</b>	\$ 2,515,024.61	\$ 2,237,130.29	\$2,400,000.00	\$ 162,869.71
<b>Expenses</b>				
<b><u>Executive Offices</u></b>				
Salaries	\$ 280,676.97	\$ 330,000.00	\$ 335,000.00	\$ 5,000.00
Clergy Housing	\$ 36,334.00	\$ 21,802.50	\$ 43,605.00	\$ 21,802.50
Payroll Taxes	\$ 4,002.00	\$ 3,442.50	\$ 3,825.00	\$ 382.50
Medical Insurance	\$ 41,957.00	\$ 41,400.00	\$ 58,613.38	\$ 17,213.38
Unemployment/Life/Workers Comp	\$ 3,323.00	\$ 4,185.00	\$ 4,185.00	\$ -
Pension Expense	\$ 15,442.63	\$ 19,800.00	\$ 22,716.30	\$ 2,916.30
Office Supplies	\$ 2,046.37	\$ -	\$ -	\$ -
<b>Total Executive Offices</b>	<u>\$ 383,781.97</u>	<u>\$ 420,630.00</u>	<u>\$ 467,944.68</u>	<u>\$ 47,314.68</u>
<b><u>Administrative Offices</u></b>				
Salaries	\$ 139,444.07	\$ 219,000.00	\$ 155,200.00	\$ (63,800.00)
Payroll Taxes	\$ 12,756.83	\$ 12,163.50	\$ 11,872.80	\$ (290.70)
Medical Insurance	\$ 46,401.50	\$ 25,248.00	\$ 34,088.40	\$ 8,840.40
Unemployment/Life/Workers Comp	\$ 12,090.52	\$ 3,075.00	\$ 2,740.00	\$ (335.00)
Pension Expense	\$ 23,961.27	\$ 9,540.00	\$ 9,312.00	\$ (228.00)
Bank fees, registration fees	\$ 2,340.60	\$ 1,500.00	\$ 1,500.00	\$ -
Dues	\$ -	\$ 500.00	\$ 500.00	\$ -
Business expenses - other	\$ -	\$ -	\$ <b>10,000.00</b>	\$ 10,000.00
Office supplies, expense	\$ 19,282.59	\$ 18,975.75	\$ 18,975.75	\$ -
Books, subscriptions	\$ 1,733.48	\$ 600.00	\$ 600.00	\$ -
Accounting	\$ 59,785.67	\$ 75,000.00	\$ 50,000.00	\$ (25,000.00)
Accounting software	\$ -	\$ 50,000.00	\$ 40,204.00	\$ (9,796.00)
Legal	\$ 412,520.32	\$ 250,000.00	\$ 350,000.00	\$ 100,000.00
Outside contractors	\$ 91,402.35	\$ 5,000.00	\$ <b>63,000.00</b>	\$ 58,000.00
Food	\$ 5,985.44	\$ 3,000.00	\$ 3,000.00	\$ -
Travel & meetings - central admin	\$ 46,174.31	\$ 20,000.00	\$ 20,000.00	\$ -
Postage, mailing services	\$ 21,798.27	\$ 20,000.00	\$ 20,000.00	\$ -
Other administrative expenses	\$ -	\$ -	\$ -	\$ -

Orthodox Church in America  
Final Proposed Budget - FY2010  
Revised March 9, 2010

EXHIBIT E

		Actual	Scenario # 3 Annual	Final Proposed Annual	Changes
Office Supplies	\$	-	\$ -	\$ -	\$ -
Telephone (cellular and land lines)	\$	30,389.39	\$ 30,000.00	\$ 17,520.00	\$ (12,480.00)
Insurance - D&O	\$	3,721.40	\$ 5,493.00	\$ 5,493.00	\$ -
Equipment leasing	\$	23,989.28	\$ 25,000.00	\$ 25,000.00	\$ -
Payroll processing fees	\$	3,188.17	\$ 1,500.00	\$ 3,200.00	\$ 1,700.00
Stipend (Mat. Glagolev)	\$	11,400.00	\$ 11,400.00	\$ 11,400.00	\$ -
Computer expense	\$	11,353.27	\$ 15,000.00	\$ 15,000.00	\$ -
Interest Expense	\$	76,772.63	\$ 84,000.00	\$ 74,355.00	\$ (9,645.00)
Medical Ethics salaries & benefits	\$	2,546.65	\$ -	\$ -	\$ -
<b>Total Administrative Offices</b>	\$	<u>1,059,038.01</u>	\$ <u>885,995.25</u>	\$ <u>942,960.95</u>	\$ <u>56,965.70</u>
 <b>Metropolitan</b>					
Metropolitan Travel	\$	45,548.17	\$ 34,000.00	\$ 34,000.00	\$ -
Office expense	\$	3,583.60	\$ 3,500.00	\$ 3,500.00	\$ -
<b>Total Metropolitan Expenses</b>	\$	<u>49,131.77</u>	\$ <u>37,500.00</u>	\$ <u>37,500.00</u>	\$ <u>-</u>
 <b>Holy Synod</b>					
Travel	\$	49,116.92	\$ 40,000.00	\$ 47,220.00	\$ 7,220.00
Special Episcopal Stipends	\$	8,450.00	\$ 25,000.00	\$ 14,400.00	\$ (10,600.00)
Office expenses	\$	8,065.25	\$ 10,000.00	\$ 4,630.00	\$ (5,370.00)
Liturgical Items	\$	6,652.04	\$ -	\$ -	\$ -
Moving expenses	\$	3,292.07	\$ -	\$ -	\$ -
Food	\$	7,162.96	\$ -	\$ 5,400.00	\$ 5,400.00
Books, publications	\$	1,123.70	\$ -	\$ 1,000.00	\$ 1,000.00
Parking	\$	49.76	\$ -	\$ -	\$ -
Utilities	\$	22.00	\$ -	\$ 250.00	\$ 250.00
Bank fees	\$	35.00	\$ -	\$ -	\$ -
Phones	\$	-	\$ -	\$ -	\$ -
Postage	\$	265.94	\$ -	\$ 300.00	\$ 300.00
Office supplies	\$	2,786.80	\$ -	\$ 1,800.00	\$ 1,800.00
<b>Total Holy Synod</b>	\$	<u>87,022.44</u>	\$ <u>75,000.00</u>	\$ <u>75,000.00</u>	\$ <u>-</u>
 <b>Metropolitan Council</b>					
Travel and Meetings	\$	29,570.76	\$ 25,000.00	\$ 25,000.00	\$ -
<b>Total Metropolitan Council</b>	\$	<u>29,570.76</u>	\$ <u>25,000.00</u>	\$ <u>25,000.00</u>	\$ <u>-</u>
 <b>Property Support</b>					
Salaries	\$	66,171.05	\$ 45,000.00	\$ 45,000.00	\$ -
Payroll Taxes	\$	4,499.45	\$ 3,442.50	\$ 3,442.50	\$ -
Medical Insurance	\$	17,900.55	\$ 17,544.00	\$ 22,517.50	\$ 4,973.50
Unemployment/Life/Workers Comp	\$	575.80	\$ 665.00	\$ 665.00	\$ -
Pension Expense	\$	2,311.99	\$ 2,700.00	\$ 2,700.00	\$ -
Insurance	\$	22,532.64	\$ 32,000.00	\$ 32,000.00	\$ -
Property tax	\$	14,200.29	\$ 25,000.00	\$ <b>20,841.00</b>	\$ (4,159.00)
Auto expense	\$	13,994.65	\$ 10,000.00	\$ 13,000.00	\$ 3,000.00
Equipment rental	\$	130.35	\$ 500.00	\$ 500.00	\$ -
Outside contractors	\$	1,334.86	\$ 2,000.00	\$ 2,000.00	\$ -
Janitorial	\$	1,412.35	\$ 2,500.00	\$ 2,500.00	\$ -
Lawn	\$	28,550.00	\$ 20,000.00	\$ 25,000.00	\$ 5,000.00

Orthodox Church in America  
Final Proposed Budget - FY2010  
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EXHIBIT E

	Actual	Scenario # 3 Annual	Final Proposed Annual	Changes
Garbage removal	\$ 1,935.64	\$ 2,000.00	\$ 2,000.00	\$ -
General repairs	\$ 1,550.69	\$ 2,500.00	\$ 2,500.00	\$ -
Equipment repairs	\$ 745.00	\$ 2,500.00	\$ 2,500.00	\$ -
Travel	\$ 314.99	\$ 400.00	\$ 400.00	\$ -
Cable	\$ 141.58	\$ 600.00	\$ 600.00	\$ -
Electricity	\$ 12,995.14	\$ 14,000.00	\$ 14,000.00	\$ -
Gas	\$ 903.15	\$ 1,000.00	\$ 1,000.00	\$ -
Water	\$ 73.65	\$ 1,800.00	\$ 75.00	\$ (1,725.00)
Heating oil	\$ 11,069.21	\$ 15,000.00	\$ 9,000.00	\$ (6,000.00)
Telephone	\$ 6,401.69	\$ -	\$ -	\$ -
Asbestos Abatement	\$ -	\$ 10,000.00	\$ 10,000.00	\$ -
<b>Total Property Support</b>	<b>\$ 209,744.72</b>	<b>\$ 211,151.50</b>	<b>\$ 212,241.00</b>	<b>\$ 1,089.50</b>

**Department of Communications and Ministries**

Salaries	\$ 75,516.70	\$ 47,500.00	\$ 11,875.00	\$ (35,625.00)
Clergy Housing	\$ 14,533.00	\$ 3,633.75	\$ 1,816.88	\$ (1,816.87)
Medical Insurance	\$ 17,907.47	\$ 8,772.00	\$ 2,943.00	\$ (5,829.00)
Unemployment/Life/Workers Comp	\$ 1,989.93	\$ 1,165.00	\$ 665.00	\$ (500.00)
Pension Expense	\$ 9,131.30	\$ 2,850.00	\$ 821.51	\$ (2,028.49)
The Orthodox Church - Salaries	\$ 47,356.65	\$ 47,034.48	\$ 54,234.48	\$ 7,200.00
Payroll Taxes	\$ 448.47	\$ 3,598.14	\$ -	\$ (3,598.14)
Medical Insurance	\$ -	\$ -	\$ -	\$ -
Unemployment/Life/Workers Comp	\$ 455.66	\$ 665.00	\$ 665.00	\$ -
Pension Expense	\$ 1,198.59	\$ 2,822.07	\$ 3,254.07	\$ 432.00
Equipment rental	\$ 349.27	\$ 500.00	\$ 500.00	\$ -
Travel	\$ 863.10	\$ 500.00	\$ 500.00	\$ -
Contract web master	\$ 12,540.25	\$ 36,000.00	\$ 9,000.00	\$ (27,000.00)
Office supplies & postage	\$ 960.97	\$ 5,000.00	\$ 500.00	\$ (4,500.00)
Parking	\$ 35.50	\$ -	\$ -	\$ -
Internet/Telephone	\$ 1,254.76	\$ 400.00	\$ 576.00	\$ 176.00
Website hosting and maintenance	\$ 6,050.00	\$ 15,000.00	\$ 6,600.00	\$ (8,400.00)
Printing, copying and postage "The Orthodox C	\$ 53,177.99	\$ 25,000.00	\$ 50,000.00	\$ 25,000.00
<b>Total Department of Communications an</b>	<b>\$ 243,769.61</b>	<b>\$ 200,440.44</b>	<b>\$ 143,950.94</b>	<b>\$ (56,489.50)</b>

**Department of External Affairs**

Salaries	\$ 32,837.33	\$ 34,265.04	\$ 34,265.00	\$ (0.04)
Payroll Taxes	\$ 326.50	\$ 2,621.28	\$ 2,621.27	\$ (0.01)
Medical Insurance	\$ -	\$ -	\$ -	\$ -
Unemployment/Life/Workers Comp	\$ 341.62	\$ 557.65	\$ 557.65	\$ -
Pension Expense	\$ 1,600.94	\$ 2,055.90	\$ 2,055.90	\$ -
Cable	\$ 449.50	\$ -	\$ 450.00	\$ 450.00
Postage	\$ 13.05	\$ -	\$ 30.00	\$ 30.00
Parking	\$ 62.00	\$ -	\$ 75.00	\$ 75.00
Bank fees	\$ 45.00	\$ -	\$ 300.00	\$ 300.00
Office expense	\$ 882.33	\$ 500.00	\$ 2,000.00	\$ 1,500.00
St. Catherines - Salaries	\$ 27,612.24	\$ 26,000.00	\$ 27,612.00	\$ 1,612.00
St. Catherines - Payroll Taxes	\$ 725.56	\$ 1,989.00	\$ 2,112.32	\$ 123.32
St. Catherines - Medical Insurance	\$ 10,222.50	\$ 6,312.00	\$ 8,522.10	\$ 2,210.10
St. Catherines - Unemployment/Life/Workers	\$ 279.11	\$ 475.00	\$ 475.00	\$ -
St. Catherines - Pension	\$ 1,290.53	\$ 1,560.00	\$ 1,656.72	\$ 96.72

Orthodox Church in America  
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EXHIBIT E

	Actual	Scenario # 3 Annual	Final Proposed Annual	Changes
St. Catherines - Travel	\$ 2,819.85	\$ 1,200.00	\$ 1,200.00	\$ -
St. Catherines - Other	\$ 1,626.11	\$ -	\$ -	\$ -
Interchurch travel	\$ 23,310.16	\$ 20,000.00	\$ 20,000.00	\$ -
St. Catherine's Distribution	\$ 30,060.00	\$ -	\$ -	\$ -
SCOBA	\$ -	\$ 5,000.00	\$ 5,000.00	\$ -
Telephone	\$ 1,737.24	\$ -	\$ -	\$ -
Other interchurch organizations	\$ -	\$ 5,000.00	\$ 5,000.00	\$ -
<b>Total Department of External Affairs</b>	<b>\$ 136,241.57</b>	<b>\$ 107,535.87</b>	<b>\$ 113,932.96</b>	<b>\$ 6,397.09</b>
<b>Department of History and Archives</b>				
Salaries	\$ 66,294.20	\$ 57,233.52	\$ 59,236.80	\$ 2,003.28
Payroll Taxes	\$ 3,879.26	\$ 4,378.36	\$ 4,531.62	\$ 153.26
Medical Insurance	\$ 17,240.55	\$ 17,544.00	\$ 22,517.70	\$ 4,973.70
Unemployment/Life/Workers Comp	\$ 708.62	\$ 787.34	\$ 787.34	\$ -
Pension Expense	\$ 3,987.73	\$ 3,434.01	\$ 3,554.20	\$ 120.19
Supplies	\$ 431.20	\$ 500.00	<b>\$ 1,500.00</b>	<b>\$ 1,000.00</b>
<b>Total Department of History and Archives</b>	<b>\$ 92,541.56</b>	<b>\$ 83,877.23</b>	<b>\$ 92,127.66</b>	<b>\$ 8,250.43</b>
<b>Diaconal Vocations Program</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,000.00</b>	<b>\$ 9,000.00</b>
<b>Patriarchal Visit</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,000.00</b>	<b>\$ 25,000.00</b>
<b>OCPC</b>	<b>\$ 46,936.90</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>St. Sergius Chapel</b>	<b>\$ 3,684.82</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Repayment of 9/11 Funds to the Restricted En</b>	<b>\$ -</b>	<b>\$ 25,000.00</b>	<b>\$ 25,000.00</b>	<b>\$ -</b>
<b>All-American Council</b>	<b>\$ 1,863.86</b>	<b>\$ 30,000.00</b>	<b>\$ 30,000.00</b>	<b>\$ -</b>
<b>Policies and Procedures Regarding Sexual Mi</b>	<b>\$ 1,922.00</b>	<b>\$ 5,000.00</b>	<b>\$ 5,000.00</b>	<b>\$ -</b>
<b>Washington DC Transition</b>	<b>\$ -</b>	<b>\$ 50,000.00</b>	<b>\$ -</b>	<b>\$ (50,000.00)</b>
<b>Strategic Planning</b>	<b>\$ 4,893.55</b>	<b>\$ 20,000.00</b>	<b>\$ 33,000.00</b>	<b>\$ 13,000.00</b>
<b>Total Expenses (excluding depreciation)</b>	<b>\$ 2,350,143.54</b>	<b>\$ 2,177,130.29</b>	<b>\$ 2,228,658.19</b>	<b>\$ 26,527.90</b>
<b>Net Operating Surplus/(Deficit)</b>	<b>\$ 164,881.07</b>	<b>\$ 60,000.00</b>	<b>\$ 171,341.81</b>	<b>\$ 111,341.81</b>
<b>FOS Income</b>	<b>\$ 115,932.78</b>	<b>\$ -</b>	<b>\$ 75,000.00</b>	<b>\$ 75,000.00</b>
<b>Departmental Ministry Expenses</b>				
Chaplaincy	\$ 11,686.74	\$ -	\$ 12,000.00	\$ 12,000.00
Dept. of Evangelization	\$ 4,000.00	\$ -	\$ 6,000.00	\$ 6,000.00
Dept. of Humanitarian Aid	\$ 1,045.85	\$ -	\$ -	\$ -
Dept. of Lit. Music	\$ 8,749.34	\$ -	\$ 6,000.00	\$ 6,000.00
Dept. of Pastoral Life	\$ 4,000.00	\$ -	\$ 6,000.00	\$ 6,000.00
Dept. Christian Ed.	\$ 14,566.20	\$ -	\$ 18,000.00	\$ 18,000.00
Dept. of Youth	\$ 6,022.51	\$ -	\$ 6,000.00	\$ 6,000.00
Dept. of Christian Service	\$ 4,550.00	\$ -	\$ 6,000.00	\$ 6,000.00
Late Vocation	\$ 400.00	\$ -	\$ -	\$ -
Fellowship of Orthodox Stewards	\$ 30,115.81	\$ -	\$ 15,000.00	\$ 15,000.00
<b>Total Departmental Expenses</b>	<b>\$ 85,136.45</b>	<b>\$ -</b>	<b>\$ 75,000.00</b>	<b>\$ 75,000.00</b>
<b>Net FOS Revenue to be Distributed</b>	<b>\$ 30,796.33</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Honesdale Loan Principal Payments</b>	<b>\$ 95,257.40</b>	<b>\$ -</b>	<b>\$ 103,246.00</b>	<b>\$ 103,246.00</b>
<b>Net Income/(loss)</b>	<b>\$ 100,420.00</b>	<b>\$ 60,000.00</b>	<b>\$ 68,095.81</b>	<b>\$ 8,095.81</b>

**The Orthodox Church in America**

Financial Statements  
and  
Auditor's Report

Year Ended December 31, 2008

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# The Orthodox Church in America

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To the Metropolitan Council  
The Orthodox Church in America

### Independent Auditor's Report

We have audited the accompanying statement of financial position of The Orthodox Church in America (the Church) December 31, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of the Church. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because of the inadequacy of accounting records regarding the utilization of temporarily restricted net assets for the years prior to 2008, we were unable to form an opinion regarding the beginning and ending balances of unrestricted, temporarily restricted, and permanently restricted net assets at December 31, 2008. We were unable to satisfy ourselves regarding the balances of net assets in each classification at that date by means of other auditing procedures.

As discussed in Note 16 to the financial statements, net assets have not been classified in accordance with SFAS 117 as unrestricted, temporarily restricted, or permanently restricted net assets based on the absence or existence and type of donor-imposed restrictions. In our opinion, net assets should be classified by donor restriction to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of that departure are not reasonably determinable.

We were unable to obtain documentation verifying ownership of certain properties which may be held by the Church, and we were, therefore, unable to form an opinion regarding the amounts at which fixed assets and accumulated depreciation are recorded at December 31, 2008.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to apply adequate procedures to beginning and ending net assets as discussed in the third paragraph, and except for the effects of the matter discussed in the fourth paragraph, and except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to apply adequate procedures to fixed assets as discussed in the fifth paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position Orthodox Church in America as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As discussed in Note 2 to the financial statements, The Orthodox Church in America adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 157 *Fair Value Measurement* effective January 1, 2008.

DATE

**The Orthodox Church in America  
Statement of Financial Position  
December 31, 2008**

**ASSETS**

Cash and cash equivalents	\$ 430,904
Assessments and other accounts receivable	50,600
Note receivable	27,876
Bequest receivable	10,000
Inventory	23,708
Mortgage closing costs	77,818
Investments:	
Endowment fund pool	559,422
St. Andrew endowment fund	100,102
FOS endowment fund	67,235
Annuity and unitrust agreements	913,810
Land, buildings and equipment (net of accumulated depreciation)	<u>319,224</u>
 Total assets	 <u>\$ 2,580,699</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities:</b>	
Accounts payable and accrued expenses	\$ 193,360
Loans payable	1,015,761
Annuity and unitrust agreements	<u>624,254</u>
 Total liabilities	 1,833,375
 <b>Net assets:</b>	
Total net assets	 <u>747,324</u>
 Total liabilities and net assets	 <u>\$ 2,580,699</u>

See notes to financial statements.

**The Orthodox Church in America**  
**Statement of Activities**  
**Year Ended December 31, 2008**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
<b>Support and revenue:</b>				
Contributions:				
Fellowship of Orthodox Stewards	\$ 23,221			\$ 23,221
Charity		\$ 44,044		44,044
Missions		50,703		50,703
Seminary		53,101		53,101
General contributions	40,473			40,473
Other restricted		6,050		6,050
Total contributions	63,694	153,898		217,592
Revenue:				
Assessments	2,538,076	243,171		2,781,247
Publications	36,152			36,152
Yearbook and calendar	171			171
Newspaper	1,020			1,020
Miscellaneous	63,032			63,032
Total revenue	2,638,451	243,171		2,881,622
Total support and revenue before net assets released from restrictions	2,702,145	397,069		3,099,214
Net assets released from restrictions	479,896	(479,896)		
Total support, revenue and releases	3,182,041	(82,827)		3,099,214
<b>Expenses:</b>				
Program services	1,686,421			1,686,421
Supporting services:				
General administrative	1,154,885			1,154,885
Development	234,779			234,779
Total supporting services	1,389,664			1,389,664
Total expenses	3,076,085			3,076,085
<b>Change in net assets from operations</b>	105,956	(82,827)		23,129
Other changes:				
Depreciation	(54,698)			(54,698)
Amortization of closing costs	(4,384)			(4,384)
Net investment income	(216,629)	(257,936)		(474,565)
Change in actuarial value of unitrusts	(22,283)	(170,654)		(192,937)
Professional fees - legal	(220,017)			(220,017)
Professional fees - audit	(116,504)			(116,504)
Professional fees - other	(219,739)			(219,739)
<b>Change in net assets after other changes</b>	(748,298)	(511,417)		(1,259,715)
<b>Net assets at beginning of year</b>	(427,779)	992,518	1,442,300	2,007,039
<b>Net assets at end of year</b>	\$ (1,176,077)	\$ 481,101	\$ 1,442,300	\$ 747,324

See notes to financial statements.

**The Orthodox Church in America**  
**Statement of Cash Flows**  
**Year Ended December 31, 2008**

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ (1,259,715)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	54,698
Amortization of mortgage closing costs	4,384
Net realized and unrealized loss on investments	503,223
(Increase) decrease in:	
Assessments and other accounts receivable	220,674
Notes receivable	9,494
Bequest receivable	(10,000)
Prepaid expenses	5,169
Decrease in:	
Accounts payable and accrued expenses	(24,659)
Deferred compensation	(66,158)
Change in actuarial valuation of annuities and unitrusts	192,937
Net cash used by operating activities	<u>(369,953)</u>
<b>Cash flows from investing activities:</b>	
Purchase of vehicle	(5,167)
Purchase of equipment	(3,000)
Purchase of investments	(1,433,212)
Proceeds from sale of investments	<u>1,674,989</u>
Net cash provided by investing activities	<u>233,610</u>
<b>Cash flows from financing activities:</b>	
Repayment of principal	<u>(112,450)</u>
Net cash used by financing activities	<u>(112,450)</u>
<b>Net decrease in cash</b>	(248,793)
<b>Cash at beginning of year</b>	<u>679,697</u>
<b>Cash at end of year</b>	<u>\$ 430,904</u>
<b>Supplemental disclosure of cash flow information:</b>	
Cash paid for interest expense	<u>\$ 84,978</u>
Acquisition of vehicle	
Cost of vehicle	\$ 36,485
Vehicle loan	<u>(31,318)</u>
Cash down payment for vehicle	<u>\$ 5,167</u>

See notes to financial statements.

**The Orthodox Church in America**  
**Notes to the Financial Statements**  
**December 31, 2008**

**1. Organization and Purpose:**

The Orthodox Church in America (the "Church") was originally founded as a mission and later became a diocese in the Orthodox Church of Russia, uniting in its fold Orthodox Christians of various national backgrounds and traditions. It subsequently developed into a self-governing Metropolitanate, the Russian Orthodox Greek Catholic Church of America. Confirmation as an Autocephalous Church was accomplished by the action of the Patriarch and Holy Synod of Russia on April 10, 1970. The Orthodox Church in America was proclaimed an Autocephalous Church on October 19, 1970, at the sessions of the All-American Council held at St. Tikhon's Monastery in South Canaan, Pennsylvania.

The Orthodox Church in America is an Autocephalous Church with territorial jurisdiction in the United States of America and the Commonwealth of Canada. Its doctrine, discipline, and worship are those of the One, Holy, Catholic, and Apostolic Church as taught by the Holy Scriptures, Holy Tradition, the Ecumenical and Provincial Councils, and the Holy Fathers.

The Orthodox Church in America is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Church has been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the Code.

**2. Summary of Significant Accounting Policies:**

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**a. Accrual Basis Financial Statements**

The accompanying financial statements have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America and in accordance with the principles of not-for-profit accounting.

**b. Net Assets**

The net assets of the Church and changes therein are classified and reported as follows:

In August 2008, The Financial Accounting Standards Board (FASB) issued the *Not-for-Profit Entities Endowment Fund Reporting and Disclosure Topic of the FASB Accounting Standards Codification*. This topic provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). This topic also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of New York has not yet adopted UPMIFA. The Church has adopted the provisions of *Not-for-Profit Entities Endowment Fund Reporting and Disclosure Topic of the FASB Accounting Standards Codification* for the year ending December 31, 2008.

- Unrestricted net assets include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the organization to utilize funds in furtherance of its mission.

**The Orthodox Church in America  
Notes to the Financial Statements  
December 31, 2008**

**2. Summary of Significant Accounting Policies: (Continued)**

- Temporarily restricted net assets carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because certain actions are taken by the Church which fulfill the restrictions or because of the passage of time. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.
- Permanently restricted net assets are those that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be permanently retained. Generally, the donors of these funds permit the organization to use all or part of the income earned on related investments, and the net capital appreciation thereon, for general or specific purposes.

**c. Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2008, there is no allowance.

**d. Contributions**

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give (pledges). Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Contributions of property, buildings and equipment without donor stipulation concerning the use of such long-lived assets are reported as revenues of the unrestricted net assets. Contributions of cash or other assets to be used to acquire property, plant and equipment are reported as revenue of the temporarily restricted net assets; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

**e. Cash and Cash Equivalents**

Cash and cash equivalents include all cash on hand and in banks. The Church also considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

**f. Inventory**

Inventory consists of church related books and literature held for future distribution. They are valued at cost. Cost is determined by the first-in first-out method.

**The Orthodox Church in America  
Notes to the Financial Statements  
December 31, 2008**

**2. Summary of Significant Accounting Policies: (Continued)**

**g. Mortgage Closing Costs**

Costs pertaining to a \$1,700,000 refinance have been capitalized and are being amortized over the life of the loan (twenty years). As of December 31, 2008, closing cost amortization was \$4,384, leaving a net balance of \$77,818.

**h. Investments**

Investments in equity securities with readily determinable fair market values and all investments in debt securities are reported at fair market value, with gains and losses included in the statement of activities. Donated investments are reflected as contributions at their fair market values at date of receipt. In addition, the Church considers certain cash, money market, and highly liquid investments to be either temporarily or permanently restricted as long-term investments.

**i. Adoption of New Accounting Standards**

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (FAS 157), now known as the *Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification*. This topic provides a new definition of fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The Church adopted the provisions of this topic as of January 1, 2008. In accordance with the provisions of the topic, the Church will delay application for nonfinancial assets and nonfinancial liabilities. The adoption of the *Fair Value Measurements and Disclosures Topic* did not have a material effect on the Church's financial position as of December 31, 2008 or on the statements of operations and changes in net assets or cash flows for the year ended December 31, 2008. See Note 6 for related fair value disclosures.

**j. Property, Plant and Equipment**

Property, plant and equipment are stated at cost, or, if donated, at the estimated fair market value at the date of donation. Depreciation is recorded using the straight-line method at various rates calculated to allocate the cost of the respective items over their estimated useful lives.

Estimated useful lives are:

Buildings and improvements	40 years
Furniture and equipment	3-10 years
Software	3 years

Donations of property, plant and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support.

**The Orthodox Church in America  
Notes to the Financial Statements  
December 31, 2008**

**2. Summary of Significant Accounting Policies: (Continued)**

If there are no donor stipulations regarding how long those donated assets must be maintained, the Church reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Church reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**k. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from their estimates.

**l. Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**3. Cash and Cash Equivalents:**

Cash and cash equivalents at December 31, 2008 consist of the following:

Unrestricted operating funds	\$ 161,377
St. Sergius Chapel account	4,233
Reserve account	31,679
Honesdale – checking	15,701
Honesdale – restricted money market	<u>217,914</u>
	<u>\$ 430,904</u>

**4. Assessments and Accounts Receivable:**

Assessments and accounts receivable at December 31, 2008 are comprised of the following:

Accounts receivable	\$ 31,350
Assessments receivable	<u>19,250</u>
	<u>\$ 50,600</u>

Accounts and assessments receivables of \$50,600 were received in the subsequent year.

**5. Note Receivable:**

A note receivable that originally totaled \$55,000 is repayable in monthly installments of \$300 and matures in August 2017. The loan was made to a priest who had significant medical expenses. The balance of the note as of December 31, 2008 is \$27,876.

**The Orthodox Church in America**  
**Notes to the Financial Statements**  
**December 31, 2008**

**6. Investments:**

Investments are reported at market value as of December 31, 2008 and consist of:

Money market funds	\$ 777,824
Common stock	530,859
Fixed income	172,591
Mutual funds	52,183
Other (gift annuities held by third party)	<u>107,112</u>
	<u>\$1,640,569</u>

**7. Fair Value Measurements:**

In determining fair value, the Church uses various valuation approaches within the *Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification* fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The *Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification* established a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

*Level 1 inputs:* In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Church has the ability to access.

*Level 2 inputs:* Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

*Level 3 inputs:* Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related assets or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in the entirety are categorized based on the lowest level input that is significant to the valuation. The Church's assessment of the significance of the particular inputs to these fair value measurements requires judgment and considers factors of each asset or liability.

Disclosures concerning assets and liabilities measured at fair value on a recurring basis are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Endowment fund pool	\$ 559,424	\$ 559,424		
St. Andrew endowment	100,102	100,102		
FOS endowment fund	67,235	67,235		
Annuity and unitrust	<u>913,808</u>	<u>806,696</u>	<u>107,112</u>	
	<u>\$ 1,640,569</u>	<u>\$ 1,533,457</u>	<u>\$ 107,112</u>	

**The Orthodox Church in America  
Notes to the Financial Statements  
December 31, 2008**

**8. Permanently Restricted Net Assets:**

The Church's endowments include donor-restricted funds and consist of eight (8) individuals funds established for a variety of purposes. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Metropolitan Council to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions as specified in the *Summary of Significant Accounting Policies* outlined in these notes.

*Interpretation of Relevant Law*

The Metropolitan Council of the Church has interpreted the *Uniform Management of Institutional Funds Act* (UMIFA) as requiring the preservation of the historic dollar value of endowment funds at the time of the original contribution to the fund, absent donor stipulations to the contrary. As a result of this interpretation, the Church classifies as permanently restricted net assets:

- (a) the original value of gifts donated to the permanent endowment,
- (b) the original value of subsequent gifts to the permanent endowment; and
- © accumulations to the permanent endowment if directed by the applicable donor gift instrument.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets, unless such appreciation and income has been restricted by the original donor gift instrument for specific purposes. In the later case, all appreciation and income would be classified as temporarily restricted net assets.

*Return Objectives and Risk Parameters*

The Church follows investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Church must hold in perpetuity, or for donor-specified periods. Under this policy, the endowment assets are invested in a manner that is intended to maximize returns while assuming a conservative level of investment risk. Actual returns in any given year may vary.

*Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, the Church relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Church targets a well-diversified and balanced asset allocation that places a greater emphasis on cash and fixed income investments (over 60%) to achieve its long-term return and growth objectives within prudent risk constraints.

*Spending Policy and How the Investment Objectives Relate to Spending Policy*

The Church has a policy of appropriating funds for distribution only to fund specific projects and programs, when needed. This spending policy allows the endowment funds to grow annually. This is consistent with the Church objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

**The Orthodox Church in America  
Notes to the Financial Statements  
December 31, 2008**

**9. Permanently Restricted Net Assets:**

Changes in endowment funds for the fiscal year ended December 31, 2008, consisted of the following:

	<u>Net Assets</u>			<u>Total *</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Realized gains (losses)	\$ (565,777)			\$ (565,777)
Interest and dividends, net of fees	18,745			18,745
Unrealized gains (losses)	(346,737)			(346,737)
Amounts appropriated for expenditure	(14,420)			(14,420)
Change in endowment net assets	<u>\$ (908,189)</u>			<u>\$ (908,189)</u>

\*This column represents the market value of the endowment assets and the changes therein for the year ended December 31, 2008.

**10. Investment Income:**

Investment income is reported net of related expenses as follows:

Interest and dividend income	\$ 45,085
Realized losses	(438,475)
Unrealized losses	(64,748)
Investment fees	<u>(16,427)</u>
Total	<u>\$(474,565)</u>

**11. Land, Buildings and Equipment:**

A summary of land, buildings and equipment at December 31, 2008 follows:

Land, buildings and improvements	\$531,783
Furniture, fixtures and equipment	446,892
Software	<u>3,000</u>
	981,675
Less: Accumulated depreciation	<u>(662,451)</u>
Total	<u>\$319,224</u>

**The Orthodox Church in America  
Notes to the Financial Statements  
December 31, 2008**

**12. Long-term Debt:**

Long-term debt at December 31, 2008 consisted of the following:

\$1,700,000 mortgage loan payable bearing interest at an initial rate of 7.97% for the first 48 months (through September 2010). This mortgage is payable in monthly installments of principal and interest of \$14,300 until September 2010, when the interest rate will adjust to the New York prime rate plus .25%, at which time the corresponding monthly payment amount will be re-amortized over the remaining term of the loan. The interest rate and corresponding monthly payment will readjust every 12th month thereafter until the maturity date in October 2016 when the loan is due and payable in full. This mortgage is collateralized by property in Syosset, New York. \$ 987,877

The Church has two automobile notes payable, with interest at a fixed rate of 3.90% and 0% respectively. The notes are payable in monthly installments of principal of \$575 and \$466 respectively. The notes are due and payable in full as of January 2013 and April 2009 respectively. The balance of the note as of December 31, 2008 is: 27,884

\$1,015,761

Estimated principal payments for the next five years and thereafter are as follows:

<b>Year Ending December 31,</b>	
2009	\$ 103,111
2010	109,480
2011	118,386
2012	127,876
2013	132,026
After 2013	<u>424,882</u>
	<u>\$1,015,761</u>

**13. Commitments:**

The Church leases office equipment under a non-cancellable operating lease. Estimated future minimum lease payments by year and in the aggregate under the lease consists of the following as of December 31, 2008:

2009	\$15,852
2010	15,852
2011	<u>11,889</u>
	<u>\$43,593</u>

**The Orthodox Church in America  
Notes to the Financial Statements  
December 31, 2008**

**14. Annuity and Unitrust Agreements:**

*Annuity agreements*

The Church established gift annuities whereby donors may contribute assets in exchange for the right to receive an annual return during their lifetime. This transaction provides for a portion of the transfer to be considered a charitable contribution for income tax purposes. The difference between the amount of the annuity and the liability for future payments, determined on an actuarial basis, is recognized as income at the date of gift. The actuarial liability for annuities payable is evaluated annually (giving effect to investment income and payments to annuitants) and any surplus or deficiency is recognized as investment income. Assets held for annuities payable totaled \$107,103 at December 31, 2008. The present value of the remaining future liability to be distributed by the Church at December 31, 2008 is

\$ 98,990

*Unitrust agreements*

The Church is named as beneficiary of several charitable remainder unitrusts. A unitrust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Church's use. The portion of the trust attributable to the present value of the future benefits to be received by the Church is recorded in the Statement of Activities as a temporarily restricted contribution in the period the trust is established. On an annual basis, the Church revalues the present value of the remaining future liability based upon actuarial assumptions. Assets held in the charitable remainder unitrusts totaled \$806,705 at December 31, 2008. The present value of the remaining future liability to be distributed by the Church is calculated using various rates and applicable mortality tables and at December 31, 2008 totals

525,264

\$624,254

**15. Retirement Plan:**

The Church participates in the Orthodox Church in America pension plan, which is a multi-employer plan. The plan provides defined benefits with participation available to all full-time employees. The retirement benefit costs charged to expense in 2008 amounted to \$106,063.

**The Orthodox Church in America  
Notes to the Financial Statements  
December 31, 2008**

**16. Generally Accepted Accounting Principles (GAAP) Departure:**

Because of the inadequacy of accounting records regarding the utilization of restricted net assets for the years prior to 2008, net assets have not been classified in accordance with SFAS 117 as unrestricted, temporarily restricted, or permanently restricted net assets based on the absence or existence and type of donor-imposed restrictions. We were further unable to satisfy ourselves regarding the balances of net assets in each classification by means of other auditing procedures.

**17. Contingent Liabilities and Assets:**

The Church believes a former employee owes the Church for personal credit card charges paid by the Church totaling approximately \$137,000. Conversely, the employee alleges that they are due reimbursement for certain improvements to Church-owned fixed assets paid for by them during their employment. These improvements totaled \$109,523, plus estimated accrued interest, for a total estimated claim of \$400,000. No amounts have been accrued in the financial statements for the estimated receivable or the claim due to uncertainties as to the collectability of the receivable and the validity of the claim.

On May 22, 2009, a new lawsuit was filed by a former employee, alleging wrongful termination and defamation. The lawsuit seeks \$26 million in damages and is currently dormant.

In January 2009, a lawsuit was filed by a retired bishop, suing for wrongful termination relating to retirement and seeking at least \$10 million; intentional infliction of emotional distress (\$10 million); tortious interference (\$10 million); deceptive business practices (\$10 million); and punitive damages of \$1 million, plus legal fees and interest. This lawsuit is currently dormant.

**The Orthodox Church in America  
Supplemental Statement of Expenses  
Year Ended December 31, 2008**

	Program	General and Administrative	Development	Totals
<b>Program services, including related salaries:</b>				
Website and public relations	\$ 141,990			\$ 141,990
Newspaper, Sourcebook/Calendar	171,876			171,876
History and archives	100,734			100,734
Publication and press	47,989			47,989
External affairs	107,004			107,004
Charity	365,431		\$ 2,353	367,784
Missions and stewardship	117,048		3,496	120,544
Humanitarian aid	1,772			1,772
Seminaries	104,056		10,330	114,386
Education and community life	25,873			25,873
Youth ministry	9,480			9,480
Pastoral life	28,670			28,670
<b>Supporting services:</b>				
Salaries and stipends	34,810	\$ 556,961	104,430	696,201
Payroll taxes and employee benefits	81,068	162,137	27,023	270,228
Supplies and other office expenses	48,966	61,209	12,241	122,416
Telephone	20,153	25,192	5,037	50,382
Printing	10,927	13,659	2,731	27,317
Travel	158,779	198,479	39,693	396,951
Meetings and conferences	5,691	7,114	1,422	14,227
Interest expense	33,991	42,490	8,497	84,978
Property taxes and town fees	5,731	7,164	1,432	14,327
Repairs and maintenance/building and grounds	20,342	25,428	5,085	50,855
Building utilities	13,877	17,346	3,469	34,692
Postage and shipping	15,019	18,774	3,755	37,548
Publications	196	246	49	491
Insurance	10,470	13,088	2,617	26,175
Bank and credit card fees	4,428	5,536	1,107	11,071
Miscellaneous	50	62	12	124
Operating expenses before depreciation, amortization and professional fees	1,686,421	1,154,885	234,779	3,076,085
Depreciation	21,879	27,349	5,470	54,698
Amortization of closing costs	1,756	2,192	436	4,384
Professional fees - legal		220,017		220,017
Professional fees - audit		116,504		116,504
Professional fees - other		219,739		219,739
<b>Total expenses</b>	<b>\$ 1,710,056</b>	<b>\$ 1,740,686</b>	<b>\$ 240,685</b>	<b>\$ 3,691,427</b>

See auditor's report on supplementary information.

Schedule 1

Orthodox Church in America  
Fellowship of Orthodox Stewards  
February 11, 2010  
Very Rev. Fr. Dionysius Swencki

"Now our salvation is nearer than when we believed." (Romans 13:11)

## I. Introduction

This verse from St. Paul's Epistle to the Romans reminds us that our spiritual lives should bear a clear sense of urgency NOW. I love this word as it pertains to both our spirit filled lives and how we should present ourselves as the "church" to the world. It should be NOW and NEW, fresh, and simple, unencumbered by a frightful history that included regular lion feedings. We offer the following observations in an effort to continue to move to reaching a goal that was established at the Fifth All-American Council in Montreal in 1977. The following quote is from our OCA Website.

*"Following the precedent set by the Fourth Council, this council also had a theme, "STEWARDSHIP," to focus its discussions. In deliberating this issue in both its spiritual and financial dimensions, the council decided to establish a Department of Stewardship to bring this subject to the forefront throughout the Church.*

That was 33 years ago and at this juncture we do not have a Department of Stewardship. It is time rethink, re vitalize, reorganize, regenerate, rejuvenate, renew, and perhaps even repose aspects of our "Orthodox Stewardship." We need to establish a clear, concise, simple plan of funding our ministries as well as the entire church and administration. This should include our own internal vision, our mission, our history of success, our strategies, our best practices, our capital plan, and, most important of all, the funding and deliverables of the ministries.

**II. Vision.** The vision of the Orthodox Church in America has to include how we view ourselves in relation to all the communities we serve. The late and Ever Memorable Archbishop Job would often characterize us as having

"champagne taste with a beer pocket book." We need to stop the charade, live within our means, and if we want champagne, then let us acquire it and not pretend we have it! We have to be a healthy, secure, proactive, and fully integrated body of Christ serving the entire community of Orthodox Christians.

**III. Mission.** Our calling and charge to "go forth and teach all nations" is surely our duty and vocation. The reality is that we cannot even pay a \$400 a month stipend to a Director of any of our Departments. We cannot get off the island. This must change. We need full time Directors, with full time salaries, budgets, and a comprehensive plan of action for each department that has to be directly connected to the fundraising effort. How much money do you need? What are going to do with it!

**IV. Strategies.** What has happened in the past was incredibly successful due solely to work and tireless efforts of the Priests who held the position of FOS director. The message was pure as was the messenger but we were not listening! We need begin a new day and we need to do it now.

1. Aggressively begin to market a new church experience that combines the opening of your heart that automatically opens your wallet. "Where your treasure is there will your heart be also."
2. Recapture the lost. "Operation Recapture" Every Parish, every church school, every choir, every sisterhood, every diocese, every seminary, every monastery. Focus on caring for the donors and not soliciting the donors.
3. Meet the Minister. It cannot be emphasized enough that any expectation of success has to be coupled with each of the functioning departments of the church, the leaders, and their mission. This can only be done face-to-face in every parish.
4. FOS is not a Club. Many fundraisers advocate the uniqueness of containing these types of designations as it relates to local communities and this is not bad. There are volumes written on how to acquire money from the rich and famous but the most valuable of all contributors was the widow and her mite. We need everyone!

**V. Capital Plan.** This may be a novel idea for us, since I do not seem to recall any of the All-American Councils focusing on this area at all. The stark reality is that the Chancery Building has deteriorated as well as the surrounding grounds to an unpleasant stature. While the Chancery has been in the forefront of a multitude of ideas for its highest and best use that also includes selling it, no decision, idea, or plan has been advocated or developed. While we sit and ponder the fate of this structure, the basement continues to flood, the heat does not reach the second floor, the paint continues to peel, and the integrity of the building continues to be compromised. We need a definitive plan for both the building and a way to fund it and we need it now. This presupposes that we would also create a long-range capital plan.

**VI. Where we are.** At the present time, FOS has diminished into calculated obscurity. We do have FOS, but it has no director, no budget, and its only defined mission is to organize two appeals a year, the proceeds from which are to be exclusively restricted to fund the ministries. At this writing, this mission has been complete. Also attached to this report are the financial reports that are relative to the last two appeals and some selected analysis that illustrates who is giving.

**VII. Where we are going.** We offer the following two suggestions for approval by the Metropolitan Council for the two appeals for 2010.

1. Spring/Summer Appeal/May 2010. This appeal should focus on the upcoming youth rally in June 27-30 and should include pre-emptive publicity sent to all the Parishes to create excitement about this event and the need to fund it as much as possible to allow for a house that is full. This event should be directly tied to a new day for FOS. "Come to the rally, bring your checkbook and your Bible and use both for God's Holy Church."
2. Fall/Winter Appeal/October 2010. This appeal should focus on the Advent Fast leading to the "Coming of Our Savior." This could be a kickoff for getting everyone involved, especially the Church Schools, to set the example. The DCE partners with FOS to create the excitement needed to generate the giving with a pre-emptive

mailer that could include: Fasting "Giving up in order to give to."  
We flood the website with pictures of every child from every  
Parish begging us to please support the appeal. The lessons for  
children include how and why we must give. The lessons for us are  
the boldness and simple love and trust of the children. We give  
them buckets and prayer cards, and wait for the money to come in.

**VIII. Conclusion.** We have much work to do and cannot wait until the  
next All-American Council to do it. "No man knows when the Son of Man shall  
come." I am not an advocate of being in a hurry for anything but I believe 33  
years is long enough. This report is not meant to be the solution for FOS or  
the miracle cure for funding but if it stirs your thoughts, passions, love, and  
guidance for the building of our Church, it will have served its purpose.  
Thank you kindly. May our Lord who made heaven and earth, continue to  
bless and sanctify all those who work for our Holy Orthodox Church.

# Detail of FOS Fall Appeal 2009-10

Total Income		\$ 51,931.22
Expenses	Postage & Mailing	<u>\$ (14,647.49)</u>
Fund Balance		<u><u>\$ 37,283.73</u></u>

## Who gave? % of this appeal

1 Hierarchs	-0.23%
24 Clergy	5.41%
29 Churches	6.53%
390 Lay	87.84%

444

## % of giving base for appeal

9 Hierarchs	11.11%
1006 Clergy	2.39%
713 Parishes	4.07%
22831 Lay	1.27%

# Detail of FOS Spring Appeal 2009

Total		\$ 75,274.10
Expenses	Postage	\$ (10,761.52)
	Printing	\$ (4,689.00)
	Other Misc	\$ (350.09)
Net		\$ 59,473.49
Distributions	(see attached detail)	\$ (57,499.79)
Balance of Fund		\$ 1,973.70

Who gave?	% of this appeal
3 Hierarchs	0.39%
24 Clergy	3.10%
26 Churches	3.36%
711 Lay	91.86%

774

	% of giving base for appeal
9 Hierarchs	33.00%
1006 Clergy	2.00%
713 Parishes	4.00%
22831 Lay	3.00%

## Department Expenses 2009

Department	Description	Amount
Chaplaincy	Stipends & Expenses	\$ 11,686.74
Evangelization	Stipends	\$ 4,000.00
Pastoral Life	Stipends	\$ 4,000.00
DCE	Stipends & Expenses	\$ 14,241.20
Liturgical Music	Stipends & Expenses	\$ 8,549.34
Youth	Stipends & Expenses	\$ 6,022.51
Christian Witness	Stipends	\$ 4,000.00
OCF		<u>\$ 5,000.00</u>
Total		\$ 57,499.79

# Who can give?

Sample Amounts		\$ 25.00	\$ 50.00	\$ 100.00	\$ 500.00	\$ 1,000.00
Hierarchs	9	\$ 225.00	\$ 450.00	\$ 900.00	\$ 4,500.00	\$ 9,000.00
Active Clergy	887	\$ 22,175.00	\$ 44,350.00	\$ 88,700.00	\$ 443,500.00	\$ 887,000.00
Retired Clergy	119	\$ 2,975.00	\$ 5,950.00	\$ 11,900.00	\$ 59,500.00	\$ 119,000.00
Parishes	713	\$ 17,825.00	\$ 35,650.00	\$ 71,300.00	\$ 356,500.00	\$ 713,000.00
Laity	22831	\$ 570,775.00	\$ 1,141,550.00	\$ 2,283,100.00	\$ 11,415,500.00	\$ 22,831,000.00
Totals		\$ 613,975.00	\$ 1,227,950.00	\$ 2,455,900.00	\$ 12,279,500.00	\$ 24,559,000.00