METROPOLITAN COUNCIL REPORT TO THE 44th DIOCESAN ASSEMBLY OF THE DIOCESE OF PHILADELPHIA & EASTERN PENNSYLVANIA + ORTHODOX CHURCH IN AMERICA + November 16-17, 2007

Very Reverend John A. Onofrey / Diocesan Clergy Representative
Reader Peter Bohlender / Diocesan Lay Representative

The Metropolitan Council has assembled together three times since the 43rd Diocesan Assembly [November 17-18, 2006]. The Council Meetings were held on March 13-14, 2007 / June 12-13, 2007 / October 16-17, 2007 [Joint Holy Synod & Metropolitan Council]. Reader Peter Bohlender attended all three Councils, Fr. John Onofrey was not able to attend the March session due to his leg injury.

In the past year, since the 43rd Assembly, a great amount of work has been completed by the Metropolitan Council in conjunction with the Holy Synod and the *"new"* Central Administration. This work, though at many times not completely apparent, understood, or accepted has brought great change to the life of the Church [OCA] and its Faithful members. Much has been discussed, spoken and written over the past year, and unfortunately, the current situation of the Church continues to leave the Faithful, to put it mildly, with an uneasy feeling.

As stated above, a great amount of work has been accomplished by the OCA, the Holy Synod, the Central Administration and Metropolitan Council. The record of these accomplishments have been reported through various forms of media, the OCA website [www.OCA.org], *The Orthodox Church,* encyclicals, etc. It will therefore be the intention of this report to give an overview of the Metropolitan Council and its accomplishments.

NOTE: Department Reports, Council MINUTES, etc. will be available for review from

Fr. John Onofrey and/or Reader Peter Bohlender.

Administrative Re-Organization:

After more than a year's hard work by the Organization Task Force, the old and unregulated administration (in which the Chancellor's Office had supreme control), has been replaced with a new explicit and accountable system of mutual group responsibility among the directors of four new administrative offices:

Chancellor: Very Rev. Alexander Garklavs
Director of Ministries: Very Rev. Andrew Jarmus
Secretary: Mr. Paul Bodnar
Treasurer: Very Rev. Michael Tassos [to begin work Nov.-Dec. 2007]

In addition to these appointments, the structure of the permanent staffing at Syosset has been reworked for greater productivity, less redundancy, and financial efficiency.

Committee Management w/ Met. Council Oversight:

To assist in the very hard work of re-asserting and maintaining its statutory responsibility of oversight of the Legal and Financial management of the OCA - and to assure the directorial responsibility of *"due diligence"* to which all governing boards are bound by law – the MC has/is established/ing a number of standing committees to ensure the effective operations of the OCA. The new committees are:

- **(a) Finance – to oversee budgeting, expenditures & accounting**
- **(b) Investments – to oversee and track Investment Funds**
- **(c) Charity – to oversee proper use and distribution of Charitable Donations**
- **(d) MC Audit Committee – to oversee work of OCA Audit Committee**
- **(e) Ethics Committee – to ensure proper functioning of OCA and *"Best Practices"* (see below)**

***"BEST PRACTICES"* Guidelines:**

A key element of the OCA's new governance has been the writing, editing and adoption of a set of *"Best Practices"* Guidelines. After extensive and time consuming discussion and deliberation, legal review and writing, a set of *"guidelines"* (which conform to NY State "Not-For-Profit" Corporations) had been produced. These *"guidelines"* were approved by the MC for annual review, acceptance and obedience by all governing bodies in the OCA [Synod, Central Administration & Staff, MC]. The Holy Synod, however, determined that the *"Best Practices"* needed additional work to be consistent with the OCA Statutes and would be incorporated as a *"working document."*

FINANCIAL MATTERS:

The MC has done a great deal of work to record, control, and protect the present and future financial status of the Church.

Upgrade of Computer & Financial Software – One of the most hampering factors in dealing with the OCA's finances in the past was that Syosset not only had outdated computers, but was using an "ancient" and very insecure software program, incapable of the simplest book-balancing and incompatible with modern external auditing programs. This dire situation has been rectified with the purchase, installation and training of new equipment and a "secure" accounting software system [Blackbaud] specifically designed for non-profits. In a related matter, Web-Site Management is being reworked as well as other IT matters of the OCA.

Audits: - The OCA now has triple oversight to assure the accuracy of audits: 1) OCA A. A. Council elected Audit Committee 2) MC Audit Committee 3) External Audit. With the new Financial Software, quarterly Reports and monthly Balance Sheets will be more readily available.

External 2006 Audit [Accounting Firm of Satty, Levine & Ciacco on 2006 Audit prepared by Lambrides, Lamos, Moulthrop, LLP] – The 2006 audit report a *"clean*

opinion" **– all financial accounting in order. One exception "auditors were unable to identify prior balances for restricted funds from historical records … the audit was**
"Unqualified with Exception" **… <u>this was/is not an unusual conclusion for audits of non-profit organiztions, especially religious non-profits.</u>" [MC Council Minutes] The external auditors 6 month Report of Income & Expenditures show income and expenses meeting Budget projections.**

<u>2007 (April-June) Audit</u> [OCA Audit Committee] – All Financial accounts, records and transactions are in good order, with a few minor exceptions [i.e: Alaska Lands]. The Audit Committee understands that the OCA is in transition, new Financial system and Tresurer (2008).

<u>OCA $1.7 Million Loan</u> – Payments to the Loan are being made on timely basis.

<u>Martin Drive Property [former Chancellor's residence]</u> – The Martin Drive home was sold for $600,000. netting the OCA $540, 817. The net profits were transmitted directly to the Honesdale Bank to reduce the $1.7M Loan.

<u>Designated Charites</u> – With the acquisition of the $1.7M Loan, all designated Charities Donations were distributed. This includes the distribution of $90,000 in 9/11 Funds to the New York Disaster Interfaith Service [NYDIS], Bibles for Russia, Hurricane Disaster Relief, etc.

<u>2007 / 2008 Budget</u> – The <u>2007 Budget</u> had to be revised due to the Midwest Diocese withholding of Assessments [$50,000/month] and other income shortfalls [FOS, other Donations]. Many cuts were made across the board to keep the 2007 Budget in balance. Additional cutbacks and adjustments will be made if the present situation continues. The <u>2008 Budget</u> was passed with the MC's knowledge and understanding that that 2008 Budget was a "working budget" and could/would be changed if necessary.

<u>15th All American Council (AAC)</u> – Fr. Myron Manzuk (AAC Manager) presented a report with a series of Action Items, proposing that the 15th AAC be held November 10-13, 2008, headquartered at the Hilton Hotel, Pittsburgh, PA. In planning the AAC, the services of Conference Direct, a conference planning company was used. Several preliminary concerns [Costs, Assessments, Attendance, etc.] were reviewed and discussed by the MC.

<u>Former Chancellor Robert S. Kondratick / Special Investigative Committee</u>

Due to the extreme sensitivity (Spiritual & Legal) of this situation, this report will subordinate itself to the Report from the Holy Synod concerning this matter. The former Chancellor, Robert S. Kondratick, was relieved from his position and canonically deposed, by the Holy Synod of Bishops. This deposition followed lengthy investigations, both internally and externally, a Spiritual Court and a review by the Holy Synod. The record of these actions have been reported through various forms

of media, the OCA website [www.OCA.org], *The Orthodox Church,* encyclicals, etc. At the present time, Robert S. Kondratick is appealing the Holy Synod's decision.

The following has been taken directly from the MINUTES of the SYNOD-MC Session:

REPORT FROM THE HOLY SYNOD [Joint Holy Synod / MC Session – Oct. 17, 2007]

His Eminence, AB. SERAPHIM reported briefly on the following items of the Fall [Oct. 16] 2007 session. The Holy Synod:

- **a) Heard the written, orally presented appeal of Robert S. Kondratick, who was unaccompanied and dismissed after reading his statement. The appeal will be considered in due time. A statement has been prepared for and posted on the OCA website. A special meeting of the Holy Synod is expected December 12-13, 2007, to try to decide the appeal, possibly earlier.**
- **b) Clarified for the record that the action concerning Gregory Nescott's removal from the first Special Investigating Committee was an action of the Holy Synod, not of the Metropolitan alone.**
- **c) Determined that the Best Practices for Financial Accountability document needs significant rework to be consistent with the OCA Statute and Orthodox policy.**
- **d) Clarified that the OCA itself is the client in the relationship with the law firm of Proskauer Rose, LLP.**
- **e) Declared that, with the recent repose of Archbishop KYRIL of the Diocese of Pittsburgh, Western Pennsylvania, and the Bulgarian Archdiocese, that Archdiocesan See is vacant, and action to find a successor for the Diocese of Pittsburgh and Western Pennsylvania.**

2nd Special Investigative Committee

Following lengthy discussion by the MC (Fall 2oo7 Synod/MC Meeting), the Holy Synod granted a request from a Resolution by the MC to establish a second Special Investigative Committee (SIC) to continue the work of the first SIC:

"Having on 16 October 2007, established a second Special Investigative Committee; and having recognized the request of the Metropolitan Council that a Holy Synod / Metropolitan Council Special Investigative Committee be established; and accepting the seven points of the Metropolitan Council's resolution of 16 october 2007; the holy Synod blesses the work of the Special Investigative Committee."

[Holy Synod Response]

The second SIC will be under the sole direction and guidance of His Grace, Bishop BENJAMIN. The second SIC will complete its work free from any interference or impediments. The SIC will report its findings to the Holy Synod and MC.

As previously stated:
<u>NOTE:</u> Department Reports, Council MINUTES, etc. will be available for review from

Fr. John Onofrey and/or Reader Peter Bohlender.

Respectfully submitted,
Fr. John A. Onofrey