

## **The Standing Committee on Administration & Finance**

**Conference Call  
October 15, 2007**

### **Minutes of the Call**

Attending the call were: David Alvarez, Vicky Garvey, Del Glover, Tom Gossen, Josephine Hicks, Gay Jennings, Dennis Stark, Ted Yumoto, Pan Adams, Mark Duffy, Kurt Barnes, Linda Watt, Margareth Crosnier de Bellaistre, Alpha Conteh, Jim Lemler and Bishop Katharine.

Josephine called the call to order at 2:02 PM EDT and reviewed the agenda. No additions were made.

#### Finance Report

Kurt stated that, after reorganizing the finance office, the books are closed within 2 weeks after the end of the previous month. Currently, work is being done mapping and developing a chart of accounts to show the budgetary “crosswalk” from the existing structure to the one proposed to reflect the reorganization at the church center. This enabled making the budget codes more consistent and efficient, although not reduced in the number of actual account lines. August is posted on the website and September is in process of being closed. Diocesan income is in line with the amount budgeted. People are paying on time and to date there are no surprises.

Alpha explained that September has not been closed because of the need to finalize government grant activities. The government fiscal year ends on September 30 and Alpha wanted to make sure all the activity is in before closing. He supported Kurt’s comment about diocesan commitments, said that income from investments is greater than the amount budgeted and government revenue is \$1 million ahead, owing to additional grants, but that amount will be expended. In all and at this time, there is \$1.2 million in revenue ahead of budget. Spending is also in line, if a little ahead. A few staff positions have remained open for a long time during the year. The end result is that we are \$3.2 million ahead of budget.

#### Audit

Del discussed the concern of the Audit Committee, which met in mid-September, regarding the titled line item that has been used in the budget: Property Protection for Mission (formerly “legal assistance to dioceses”). The title was changed after an A&F meeting suggested it. Audit is concerned that there are allegations about funds coming from the Church Pension Group and the committee wanted to be accurate about what the line item is for, to show that funds being used for property disputes expense could be readily identified as such. Title, “Property Protection for Mission – Legal,” was suggested and approved by consensus. Pan added that PB&F is very focused on transparency in financial reporting.

Del talked further about the Audit Committee meeting, where after a pointed discussion, Grant Thornton was appointed independent auditors for the 2007 fiscal year, pending approval of the Executive Council (EC); that very favorable comments about staff were exchanged in executive session. Kurt pointed out that there would be a resolution from the Audit Committee for EC

approval regarding the approval of clergy housing allowance, where the EC appointees to the Audit Committee will receive submissions from clergy to approve before year-end. Del concluded the discussion by saying that there remains open a question as to whether the Audit Committee is a committee of Council or an independent committee. Conversation is ongoing.

### Church Center Reorganization

Linda requested input about how best to present this work to the EC. Acknowledging that some components of the reorganization would engender more discussion than others, she explained that the rationale behind restructuring is to more effectively and efficiently support the work of the whole church. It requires looking at the budget in a different way, so the crosswalk being developed will illustrate where current money is and where it *will be* in the next one (showing the correlation), a visual to show that the budget continues to respond to the budget and mission priorities passed by GC. The new one will be set up by how staff is structured. Alpha provided a little detail about the mechanics of this.

Questions that might be asked:

- What is the variance vs. old budget in terms of amount?
- What programs are adversely or favorably impacted by the change?
- How will actuals be reported in 2009 for this triennium, using which format?
- When will PB&F be walked through this?

Additional discussion yielded the following:

- Make clear to EC what the restructure is going to mean in terms of dollars, who is impacted and that it is still a work in progress; many questions will be considered.
- Explain the motivation behind the change and why it is exciting.
- 2008 would be the first year the (new) budget is up for approval.
- Make clear how GC's mission priorities play into the budget crosswalk.
- Demonstrate that this is being done to better serve the priorities
- Be clear about the satellite offices, rationale, how they're paid for and how they fit into mission priorities

The PB summed it up succinctly, "This is a rearrangement for better functioning," and Linda invited ongoing dialogue/suggestions via email or phone in order to anticipate every concern.

Further conversation covered various scenarios about presentation at EC, importance of being sensitive to issues around governance and the inclusion of EC in the process, etc. Noted: clarification is needed as to whether EC has the canonical authority to change the GC budget.

### Investments

Kurt reported for Margareth's, who had left early for a meeting. Performance continues to be good this year. The potential dividend for 2008, at a 5% rate, could be a little higher than anticipated 8 months ago owing to positive changes in the market.

Preparation for EC Meeting

Discussion covered resolutions for three new trust funds to be placed on the consent calendar in MI. It was **moved and seconded and carried** unanimously to correct the language in AF-037 to remove a redundant “estate.” It was **moved (Gay), seconded (David) and carried** unanimously to put AF-036, AF-037 and AF-038 on the consent calendar. Jim Lemler explained AF-034 as an annual resolution identifying how to spend funds from the trust for theological education. While there were no questions or comments, it was agreed that brief discussion at Dearborn would show that recommendations for expenditures come from the commission involved with theological education. Approval of AF-034 was **moved, seconded (Del and Gay) and carried** unanimously. AF-035 will be discussed when Rob Radtke is present with the committee.

Josephine briefly reviewed the IARCA matter and asked that everyone read the materials she had provided so there can be a discussion with INC and staff on Friday night after dinner. Saturday morning committee time will be used to invite visitors to meet with the committee and talk about their concerns. Interest was expressed regarding the scope of EC’s authority should it be decided that covenants were violated. Discussion touched on the recent meeting in Central America, what might be expected from attendees coming to EC, the roles and responsibilities of the covenant committee and the appropriate means of addressing the people and the issues at hand.

Josephine concluded the call at about 3:10 PM with thanks to all for their participation.

Respectfully submitted,  
Nancy Caparulo  
Staff Support to the Committee