

DC Board Issues Apology Letter

Saturday, March 01, 2003

To: All members of the Washington, DC Church of Christ

From: Washington, DC Church of Christ Board of Directors and Officers

We, the Board of the Washington D.C. Church of Christ, have been elected by you, the members of the Washington D.C. Church of Christ, to represent and serve the interests of the Church and its membership to the best of our ability. We understand and are humbled by the trust you have freely given us and the responsibility of that trust. We believe that among the roles of the Board is to be your ambassadors, properly and accurately communicating the organization's mission, financial affairs and goals and garnering your support. We are concerned that the Board in the past may not have consistently and fully communicated with you about the financial and administrative affairs of the Church. We are concerned that, due to this past lack of communication, an environment of distrust may have been created between the membership and the Board. We apologize for the past shortcomings in communicating by the Board and we want to prove more than worthy of your trust.

This letter is written in an effort to respond to those concerns that have been brought to our attention during recent meetings, correspondence, and inquires of a church-wide management nature under the purview of the Board. The Washington D.C. Church of Christ, Inc. is a single corporate entity consisting of four regional churches and two satellite churches. Some of the concerns brought to our attention are of an ecclesiastical nature (ministry programs, spiritual focus, doctrinal teachings). These issues are best addressed by the ministry leaders who are responsible for the ecclesiastical affairs of the Church, and we refer you to the letter(s) written by the ministry leadership. The Board is responsible for overseeing the corporate and financial affairs of the Church and, as such, we wish to address concerns raised by our membership about Church finances.

We want to assure you that the Board is working hard to respond to all appropriate financial issues and questions brought to our attention. We appreciate all of the support you have given to the Church over the years through your prayer, time, and financial contributions. We want the Washington DC Church of Christ to be above reproach and to maintain high standards. Websites are being set up for both the DC Church and for the British Commonwealth World Sector ("BCS") and additional financial information will be posted on these sites. The Washington DC Church of Christ website is <http://www.dc.ucd.net/>. The BCS website is <http://www.bcs.ucd.net/>.

At this point we will address the most important corporate and financial issues of which the Board is currently aware. The order that the issues are addressed in this letter is not necessarily in order of importance, since each member may be concerned about different issues. We realize that you may have additional questions not addressed in this letter and encourage you to contact your Board member, the church office or the Church website to communicate your questions so that further information may be provided.

Financial Oversight

The leadership of the church has already issued a statement about their role in financial management. The Board also takes responsibility for its role in financial and administrative matters. Starting last July, with our financial announcement and the follow up sessions, the Board has started to communicate more with the membership about the financial affairs of the church, and more recently, with the Financial and Missions Presentation and this letter, the Board is attempting to communicate even more. The letter last July stated, "we have not managed our finances as responsibly as we should have" and in some of the follow-up talks last summer the term "financial mismanagement" was used.

We want to make clear what was and is meant by the term "financial mismanagement". We would like to make an important distinction between "financial management" vs. "financial appropriateness." "Financial management" simply means living within our means, that is, ensuring that the Church's programs, activities, and other financial commitments do not exceed the Church's resources. Financial appropriateness means that funds are spent for legitimate church purposes and not for other inappropriate purposes.

To carry out its oversight of the Church's administration and financial affairs, the Board relies upon the financial and other information provided to it by the Church's administrative staff, as it is legally permitted to do. Thus, the Board is reliant upon the skills and expertise of the administrative staff. In a growing church such as ours, the demands of the position sometimes grow faster than the skills and experience of the staff member filling it, although this may not become apparent until some time later. In this way, the Board recently has come to realize in retrospect that some of the staff members providing information to earlier Boards were not adequate to the task, and that because those prior Boards relied upon this information they made judgments about the Church living within its means that the present Board has determined in retrospect it would have decided differently. We apologize that this happened. As soon as the Board became aware of the situation, the Board worked with church leadership to modify the budget to a level that could be sustained, and an announcement was made to let you know of the situation.

In order to address this situation, the Board hired a new CFO with 10 years of church administration experience to manage the administrative office and hired a CPA to do the accounting for the church. In addition, the new CFO hired other new administrative staff and restructured the office to operate in a more effective manner. The Board also engaged an outside CPA to perform an independent financial review of the Church's financial statements. This report is available to all members upon request. The Board also included copies of parts of this report in the financial presentation made to the church last month. It is the Board's intention from here on out to have an outside independent CPA do a review of the Church's financial statements to make sure we are looking at completely accurate financial records and information. The independent outside review for this year is scheduled to begin in late May. We apologize for not recognizing this problem sooner and obtaining more qualified financial professionals to keep up with the rapidly growing administrative demands of the Church.

We also want to make clear what the phrase "financial mismanagement" does not mean. To the best of the Board's knowledge, after thorough and responsible investigation, all of your donations have been spent on legitimate church ministry and business expenses. No money was spent on personal items or for the private benefit of any individuals. No money was lost, stolen, or diverted to any other purposes than those for which it was given. In other words, funds have been used for appropriate purposes. A separate but related issue is the recent allegations of lavish spending. The present Board has reviewed past Church spending and has determined that no inappropriate spending occurred. The Board has concluded, however, that an appearance of lavish spending may have been created in one area, that of staff attending conferences and seminars, and the Board has taken steps to eliminate this appearance. As part of the ongoing training of ministry and administrative staff, we have felt the need to send our staff to conferences and seminars for their professional development. The Board has not been involved in the decisions for the planning and organizing these seminars and conferences and has in the past relied upon the sponsoring organization to choose the locations. In general we have found these events to be hosted in reasonable locations but in a few instances poor judgment was used in choosing locations and other related aspects of these seminars and conferences. While everything has been done in accordance with applicable law, the Board regrets not having in place clear policies that place not only financial limits but spiritual expectations on the activities and conferences that Church employees attend. We as a Board are committed not only to fulfilling our legal obligations but also our spiritual responsibility to God to ensure all activities are not worldly and do not even have an appearance of inappropriateness.

Compensation of Employees

Another area that we have had inquiries about is how the Church compensates its full time ministry staff. First of all, we want to assure you that the ministry staff is not involved in salary determination process or influencing that process. The Board has relied on a standardized ICOC salary model, which is needs-based, to determine full-time salaries for the DC Church. This salary model was developed with the assistance of outside counsel and outside Human Resource Consultants. It is our understanding that all US-based ICOC employees have their salaries determined using this model. The model uses such factors as marital status, number and age of dependents, housing costs, job responsibilities and employee geographic location to generate a salary that should be adequate to meet an employee's needs using all of the above factors. Four years ago, the ICOC engaged outside legal counsel to review all employees' salaries resulting from the use of this salary model and compare the salaries of the ICOC employees to comparable jobs in similar organizations. This outside review found the ICOC compensation to be fair and reasonable. This outside review of ICOC salaries went on to state that the ministry salaries tended to be less than what other ministers were earning in other churches of similar sizes and location.

In order to help you understand the kind of salaries this model produces, here is the summary of February 2003 salary ranges and average salaries, which include the housing allowance, of full time ministry employees for various groups of ministry employees in the metropolitan DC-Baltimore area.

- For Single Ministry Interns the salary range is from \$14,172 to \$28,074 with an average of \$22,920
- For Married Ministry Interns the salary range is from \$30,466 to \$42,501 with an average of \$34,810
- For Married Women's Ministry Interns the salary range is from \$24,394 to \$38,375 with an average of \$32,166
- For Evangelists the salary range is from \$36,973 to \$68,353 with an average \$55,049
- For Women's Ministry Leaders the salary range is from \$24,314 to \$57,463 with an average of \$44,074

The Board has formed its own compensation committee of non-full-time staff Board members who will work with outside legal counsel to review all local current DC Church employee salaries for reasonableness and to establish local standards and benchmarks for Church salaries. This committee will also be exploring the wisdom of staff women working full time with children at home. The committee has just begun this review process and the Board plans to make a report available to the members promptly after it is completed.

2003 Budget and Weekly Contribution

One important function of the Board is to manage Church finances through the use of a budget. We are extremely grateful for your consistent financial sacrifice shown over the years. We want you to be aware of how the Board came up with the 2003 Budget. The weekly contribution figures in it were based on the actual giving from last fall (2002). The Board did not set budgets which would require you to give more than you were giving. The Board tried to use actual contribution experience to guide us.

Due to the DC Financial situation the Church did make several terminations of staff members in order to be financially responsible. In the past the priority has been placed on hiring staff to meet the needs of the average member. In the 2003 budget, the Board has attempted to balance priorities to meet needs of the members through staff, facilities, special events, and ministry programs. For 2003 the Board budgeted over \$100,000 more than what was spent in 2002 on facilities so that the need to use member's homes for house churches could be reduced. Also, the Board has planned several programs designed to meet member's needs and we are either not requiring any registration fee or otherwise subsidizing the event. Two of these events have already occurred -- the recent marriage retreat and the bible talk leadership program in early January. More money was budgeted for the children's, campus and Single's ministries. It is the Board's goal to make sure that all of the needs of the congregation are being met in the best way.

Another recent decision of the Board in regards to meeting local needs of our members is that the Church's poor contribution will first be used for local benevolence prior to meeting any outside charitable organization support request. Currently, we are unaware of local benevolence requests from our membership that have gone unmet. However, we have heard that perhaps some needs have not come to our attention and, in order to address this, the Board, along with local leadership, is in the process of appointing local benevolence deacons in each Region. We want you to know that the Board is committed first to meet the needs here in our Church before sending money to other organizations that attend to the needy elsewhere.

Special Contribution and Other Outside Funding Commitments

Each year various ICOC entities including HOPE worldwide, ICOC, BCS and ACR submit various funding requests to the DC Board. These requests usually involve supporting mission work with our sister churches throughout the world or helping the poor. These funding requests are reviewed each year by the Board for reasonableness and for whether the DC Church budget can support these commitments. In an effort to ensure that donations are being properly spent, this year the Board requested detailed budget information (including salaries) from these various organizations for our review. Perhaps the largest outside funding commitment the Church makes is our annual special mission's contribution. This year the Board has attempted to provide detailed information to you regarding how this money is used in a financial and mission's presentation and regional follow up sessions. The handout from this presentation is available from DC Office or your Regional Administrator if you need this information. There is also a website being created by the BCS which will provide information about the Special Missions Contribution and how it is being used. A link to this website can be found on the DC Website. In past years, the Board also provided information as to where the Special Mission Contribution was going to be used. For example in 2002, for the special missions contribution 16 multiples or 80% of the goal went to BCS, 2 multiples or 10% of the goal went to ACR, 2 multiples or 10% of the goal went to the Commonwealth Camp. Anything collected in excess of the 2002 goal went to the general operations of the Region which collected the excess. All past special mission funds were used for the purposes as specified. The BCS has been audited each year by an outside independent CPA firm.

Since our sister churches in India, Indonesia, and Malaysia depend on our mission contribution, we want to encourage you to go ahead and give your first installment (25%) of Special Missions Contribution. The 2003 Special Missions Contribution will be used for the purposes that have been announced. If you have some questions about our special mission's contribution, please let the Board know and we will make every effort to see that your questions are answered. The Board is also working toward making the Special Missions Contribution exclusively for world missions and our local mission work like Morgantown and Delaware. This is why we started the Camp Contribution once a month so that the Camp money did not need to be collected as part of the Missions Contribution as it was in the past.

Conclusion

We hope that everything we told you in this letter has been helpful in understanding the DC Church Financial situation better and has answered many of your concerns and questions. We understand you may have additional questions in the future and we want you to feel free to contact your Regional Board member or the Office at any time with your questions and suggestions. The Board is doing its best to carefully and thoroughly review and consider all pertinent financial information and to make decisions that are in the best interest of the entire church. As a final reminder, due to the inclement weather, we want to encourage you to continue to give your weekly contribution and to make up any contribution missed due to canceled services. During this time of transition, please keep the Board in your prayers as we work hard to better serve the Church and you, its individual members. Thank you for your continued support and prayers.