

This is the original e-mail that I sent to several disciples in the Charlotte Church who shared my concerns after the HKL. Note some of this has been edited to take out certain names, etc.

➤ -----Original Message-----

➤

> From:

> Sent: Tuesday, September 30, 2003 11:00 AM

> To:

> Subject: ACES FORM 1023

>

> I requested from the IRS form 1023 for the ACES world sector about a month

> ago. I received the packet last night and was shocked at what I saw. I

> can get anyone a copy of this that would like one. Below I have included

> 2 spreadsheets that summarize what is in the document. Considering the

> sacrifice that so many of us did to give to special, this makes me want to

> vomit!!!! I have never had an issue with money in the ICOC, however

> after seeing this, I am extremely concerned about what else the rank and

> file disciple doesn't know about.

>

> <<Aces Employee Expense1.xls>> <<Amount of each church

> contribution.xls>>

>

>

> Please feel free to send this to anyone and everyone you know. I would

> love to hear your comments on this.

>

This is an e-mail I received from the Charlotte Church Administrator about my original e-mail.

10/2/2003

The spreadsheets that you have been distributing concerning the salaries of former individual ACES employees are erroneous. This can be largely attributed to the assumptions you have made with regards to the supplemental spreadsheet that was filed together with the IRS Form 1023, application for 501(c) non-profit status.

In reference to your spreadsheet(ACES Employee Expense1.xls) attached below:

The Gross Pay amount includes the Parsonage amount. Adding parsonage to gross would then double count it.

Total Benefits do not count toward compensation because that would be an employer cost; for eg. Your employer pays the majority of your Health Benefits...I assume.

Reimbursement was a budgeted amount. This should not be included in Gross Pay. For eg. when you travel on business for your company and they reimburse you for the travel expenses, they do not include that in your gross pay.

FICA match is also an employer cost. For eg. you are responsible for approx. 7.5% and your company pays the other 7.5%

Lastly, ACES pay periods are semi-monthly NOT bi-weekly i.e. 24 pay periods and NOT 26

If you recalculate the numbers based on the facts I have presented above, you would be able to calculate accurately the annual salary for the respective former ACES employees. You will find that they differ quite substantially from what you had stated...for eg. based on your numbers in the spreadsheet Steve Johnson's salary would be \$53,146.08 ($2,214.42 \times 24$) and NOT \$260,728.00.

I would strongly encourage you, based on your desire to seek the truth and speaking the truth in love (Eph 4:15 & 4:25), to send these corrections to ALL the recipients of your email together with any other forms of communication that you or others may have had concerning this matter. The accusations inferred on these former ACES employees is untrue and borders on "defamation of character".

As I had in the past and let me extend it again; if you have any questions concerning finances of the Charlotte Church and even it's past affiliations, I will be more than happy to seek answers and the truth for you.

Please acknowledge receipt of this email and your thoughts on the matter discussed.

In Christ love,

C.T. Chu
Charlotte Church, Inc.

This is an additional e-mail from the administrator.

10/2/2003

I stand corrected on one item after speaking with the Connie Beene who filed this Form 1023 application in 1996/1997.

The pay period then was bi-weekly! The change to semi-monthly did not happen until 1998. I apologize for that. So, you were correct in using the 26 pay periods.

Again, please call me or better yet, Connie Beene(201-251-7992) if you want to confirm actual salary numbers of the former ACES employees listed.

C.T. Chu

Below is my response to the Administrator.

CT,

Thank you for sending me this. I just received your e-mail. I need some clarification on what the total compensation of these administrators are.

I will start with an example. My company just sent me the components to my total compensation. Let me break down what this includes.

My base salary	\$76,875
Stock Options Black Scholes Value	\$7,887
Company Contribution to Benefits	\$4,119
Pension Plan Contribution	\$3,228
Social Security Contribution	<u>\$5,880</u>
Total compensation	\$98,049

When calculating total compensation all of these factors must be considered. This is actually what I make from my company. To say that I only make \$76,875 would be incorrect. From being a business owner you must calculate all costs that are contributed toward employee compensation.

If Steve Johnson's parsonage was already included in his salary, then the numbers do not add up.

Ex

<u>Last</u>	<u>First</u>	<u>Gross Pay</u>	<u>Parsonage</u>	<u>Total Benefits</u>	<u>Reinb.</u>	<u>FICA Match</u>
Johnson	Steve	2214.42	3785.68	2527.90	1500	0

Total
10,028.00

For example, according to this list, Steves Gross pay was \$2,214.42. If the parsonage was already added to his gross pay, then the amount would be (ex salary + parsonage). Since Parsonage is 3785.68, then you add his other salary to that, the amount would be (\$3785.68 + other salary) = Gross Pay.

If his gross salary already included his parsonage, then why isn't his gross salary higher than what was listed?

Lets say that you take out the reimbursement of 1500 every two weeks. This would still leave his total compensation every two weeks at

Gross Pay	\$2214.42
Parsonage	\$3785.68
<u>Total Benefits</u>	<u>\$2527.90</u>
Total	\$8528.00

If Parsonage is only added to one paycheck per month, then the totals would be as follows

Gross Pay \$2214.42 X 24	\$53,146.08 = Total Salary
Parsonage \$3785.68 X 12	\$45,428.16 = Total Parsonage Benefit
Total Benefits \$2527.90 X 24	\$60,669.60 = Total Benefits Package

Total Compensation \$159,243.84

If Parsonage is added to every bi-weekly paycheck and it is this amount, then the figures are as follows.

Gross Pay	\$2214.42 X 24	\$53,146.08 = Total Salary
Parsonage	\$3785.68 X 24	\$90,856.32 = Total Parsonage Benefit
Total Benefits	\$2527.90	\$60,669.60 = Total Benefits Package
Total Compensation		\$204,672 = Total Compensation

As far as your comments on not counting benefits in total compensation. Since I benefit from what my company pays for, this should be attributed to me in my total compensation package. Therefore benefits paid by a company do count toward total compensation. You will also notice that there is no FICA match indicated for Steve Johnson.

If you have additional information as to the total compensation of the Aces Administration as I described above in the scenario with my employment, please let me know. I will definitely send out clarifications to anyone that I have sent this to.

After I sent this e-mail I received a phone call and another e-mail from the Administrator.

This is the e-mail I received in response to the above e-mail. Notice that Ron Drabot was copied on this message.

-----Original Message-----

From: CT Chu
Sent: Friday, October 03, 2003 5:40 PM
To:
Cc: rdrabot@msn.com
Subject: RE: ACES FORM 1023

Thanks...good talking with you by the way. Let me summarize in note form what I have found out from Connie. She started with ACES sometime in the mid-year of 1996. Some of this may sound "fuzzy" because before ACES, the "functions" of ACES was done by the NY church. So, there was a lot of crossover in terms of duties, responsibilities and yes even some of the finances. OK...back to the spreadsheet:

The only information that the IRS needed from the spreadsheet was the Gross Pay for Ordained Ministers

The Parsonage numbers are monthly figures by couple NOT individuals

The Benefits numbers are monthly and include the SECA exempt numbers for ordained couples i.e. Johnson & Hanes, hence no FICA match.

The Reimbursement are budgeted monthly numbers i.e. they are capped at those figures.

These are figures for the New York area

If all this sounds a little confusing, it is. As I have mentioned to you over the phone the only convenient report they had came out of the accounting package called Solomon which is what you have as a supplement to the Form 1023 application. The Total Column was of course erroneous because it's like adding apples and oranges. Truth be known, if the IRS had taken

the totals and multiplied it out just as you did, they would have declined the application for "Unreasonable Compensation". And if they knew then what they know now, they would have cranked out the 'ol Underwood and just typed out the Gross Pay numbers!

The 1996 WFP shows the "Total Employer (Compensation) Cost" if you add up Salary, Benefits and Payroll Taxes. 1997 numbers were projections.

I hope this helps. Please communicate to those you have sent your previous email to about these clarifications. And as we have discussed at length, most folks do NOT correlate "Total Compensation" as "Total Employer Cost". They simply equate it to an individual's salary. Please ensure that they know the difference.

Thanks for the opportunity to clarify this matter.

C.T. Chu

This is my response back to the administrator on 10/06/2003.

CT,

I do have one last question for you. Were Steve and Lisa Johnson also receiving a total compensation package from the New York City Church of Christ in addition to their ACES total compensation package? If so, would you please send me a breakdown of those amounts for 1996 through 2001? Also, were any of the other administrators listed in form 1023 for ACES receiving compensation packages from the New York City Church of Christ? If so, I would like a breakdown of their compensation from 1996 - 2001.

Breakdown example
Monthly Salary, Monthly Parsonage, Monthly Benefits.

or
Bi weekly Salary, Monthly Parsonage, Monthly Benefits.

or
Yearly Salary, Yearly Parsonage, Yearly Benefits.

Thank you so much for your help.

This is the response I received from the Administrator about my question above.

-----Original Message-----

From: CT Chu
Sent: Monday, October 06, 2003 12:52 PM
To:
Cc: rdrabot@msn.com
Subject: RE: ACES FORM 1023

No, once ACES was formed, they moved from being a NYC employee to ACES employee. Of course, some were hired strictly as ACES employees. Every full-time employee was paid on the Joseph model. Kevin Moore has the documentation on that Lotus Notes application that calculates these compensation figures. Good for insomnia!

You can easily recalculate an approximate "total compensation costs" based on the correction to the assumptions that I have provided you. For example the approximate combined Johnson's annual salary was $(1747.71+2214.42) \times 26 = \$103,015.38$ and their annual total compensation cost would have been $103,015.38 \text{ Salary} + ((2527.90+7.74) \times 12) \text{ Benefits} + (1,500 \times 12) \text{ Budgeted Business Reimbursements} = \$154,523.07$ based on the spreadsheet you have. Parsonage was excluded in this calculation because it was included in Gross Pay.

Hence, the difference between what is calculated here with what was distributed in your email is quite substantial. In your spreadsheet, you listed the Johnson's combined annual salary at over \$300K, and that's not even the annual total compensation cost!

For ACES as a whole, you can look at the 1996 WFP and add up the Payroll Costs as I have also mentioned in my previous email.

One of the things you have to realize is that this information being discussed is almost 7 years old! All paperwork has been put in storage. There is no easy way to access this information currently as ACES has been dissolved. All assets have been disposed of and the legal dissolution of ACES is complete.

As I have mentioned in my previous email, you can contact Connie Beene (former ACES CFO) at (201) 251-7992 for more specific data. She did her best to recall from memory some of the specifics I asked her.

Let me reiterate the concerns I have and have requested of you to rectify. Much time has transpired since you had sent your original email. While you continue to seek more accurate information on individual "salary figures" and "total compensation costs" how much of that highly inaccurate information has since been propagated? I know you do not have an answer but you have to realize the ramifications to many people's reputation, heart and yes, even soul can at best be extremely hurtful. As a fellow worker in the Kingdom, I plead with you to make things right quickly...

C.T. Chu

This is the response I sent to his reply again on 10/6/2003

CT, I understand your concern about the truth. I have corrected amounts as quickly as possible. You do understand that I did not make those original numbers up. Since Form 1023 was sent to the IRS, this should have been an accurate statement that was made in the addendum to Schedule A # 16. However, from your previous e-mail it was indicated that if the IRS truly added these numbers up, it would have been refused as "Unreasonable Compensation". I simply took what should have been correct information and added the numbers up.

I want you to understand that I have sent every e-mail and figures that we have discussed to anyone that I originally sent an e-mail to.

Again, I believe your figures are incorrect on Total compensation.

According to the Form 1023 and your previous e-mails, Parsonage is not included in the gross pay. In 1996 it was a separate item. From our conversations I understood that in latter years parsonage was included in gross pay, however in 1996 they were separate items.

Therefore based on parsonage being separate from Gross Pay, Steve and Lisa Johnson's total compensation would be:

Combined Salary $1747.71+2214.42 \times 26 = \$103,015.38$
Combined Benefits $2527.90+7.74) \times 12 = \$30,427.68$
Combined Parsonage $3785.68 \times 12 = \$45,428.16$
Total Compensation $\$178,871.22$

This number excludes FICA and Reimbursements.

If you add the \$18,000 annual reimbursement (1500×12) then the total comes to \$196,871.22

If these numbers are incorrect, please explain?

This is in response to the above e-mail from the Administrator.

-----Original Message-----

From: CT Chu
Sent: Monday, October 06, 2003 2:13 PM
To:
Subject: RE: ACES FORM 1023

Connie Beene confirmed that the Parsonage numbers are included in the Gross Pay in this spreadsheet. Remember that the Parsonage is by couple and was a monthly figure. Whereas the Gross Pay column was bi-weekly.

Since Parsonage is already in the Gross Pay, the Parsonage amount of 45,428.16 is already part of the "Total Compensation Cost". In my conversation with brother xyz today, he summed it up best. The way to look at it is this:

Let's say in this eg. where combined salary is 103,015.38; out of this 103,015.38 the parsonage amount of 45,428.16 is NOT taxable. That's all parsonage is. It is NOT an additional amount "outside" of a regular salary. The parsonage amount changes base on the minister's budgeted annual expense associated with his or her "parson" or house. This amount has to be approved by the Board on an annual basis. If the amount assigned as parsonage is not fully utilized or spent, the individual/minister is responsible for reporting it to the IRS as taxable income for that year.

Hope that clears things up...a little maybe?

Thanks for communicating correction to all concerned.

C.T. Chu

This is my final e-mail to the Administrator on 10/6/2003

Thank you for clearing this up. I'm just curious why was such a blatantly misleading and incorrect document was sent to the IRS. Even if this was done through the accounting package called Solomon, surely these numbers were double checked before they were sent to the IRS. Ex. if Parsonage was figured into gross pay, why did the addendum to schedule A double count it? Also, there were no indicators on the addendum that said Parsonage and benefits were done on a monthly basis instead of bi-weekly. Wouldn't the IRS consider this addendum fraudulent? CT please don't get me wrong, I'm not saying there was fraud. I am saying that when I was in business for myself, I had to send correct documents to the IRS. When I sign my returns I am stating that this information is accurate under penalty of law.

When I requested the latest info for ACES, the IRS sent me only 1996 figures for form 1023. It concerns me that anyone else that requests this will draw the same conclusion that I originally did. Since there are many things being questioned in the kingdom these days, it seems that many will be mislead because of this document. I would love to hear your thoughts on this.

Below is his response to my last e-mail on 10/6/2003

-----Original Message-----

From: CT Chu
Sent: Monday, October 06, 2003 2:51 PM
To:
Subject: RE: ACES FORM 1023

You are correct in saying that more care should have been taken in sending data to the IRS. The IRS wanted the individual salaries and ACES should have sent just that, even if they have had to retype that on a typewriter, instead of taking the lazy route and sending whatever report that came out of Solomon.

C.T. Chu