

ICOC Administrative Policies 2001

Excerpts and Commentary

This 25-page paper is a condensed version of a 500-page document. The sections that seem most pertinent have been included, with brief commentary added as to the relevance perceived. The sections are presented in order of appearance, and not in order of importance/relevance. The reader should note that ICOC members were never allowed to see this document. Nor did they know it existed.

(Emphasis added in **yellow highlight**. Commentary in **blue font**.)

01.00 Preface

These ADMINISTRATIVE POLICIES and PROCEDURES have been established to help bring about and maintain unity and integrity among the U.S. Churches of the International Churches of Christ. We need to remember the biblical admonishment, "I appeal to you, brothers, in the name of our Lord Jesus Christ, that all of you agree with one another so that there may be no divisions among you and that you may be perfectly united in mind and thought" (I Corinthians 1:10) and "to do what is right, not only in the eyes of the Lord but also in the eyes of men." (2 Corinthians 8:21)

God's Word provides for the appointment of those with gifts of administration to serve the church so that those men and women who serve in the full-time ministry may devote themselves to the ministry of the Word and to prayer. (I Corinthians 12:28 and Acts 6:1-7) These policies and procedures are meant to help those with the gift of administration to fulfill their duty in providing administrative direction and service to the church. Some Scriptures that apply to administrative procedures are:

Comply with Laws and Regulations

Romans 13:1 "Everyone must submit himself to the governing authorities for there is no authority except what God has established."

Be Perceived by Others as Doing Right

Romans 12:17 "Be careful to do what is right in the eyes of everybody."

I Peter 2:12 "Live such good lives among the pagans that, though they accuse you of doing wrong, they may see your good deeds and glorify God on the day he visits us."

Do Not Show Favoritism

James 2:1 "My brothers, as believers in our glorious Lord Jesus Christ don't show favoritism."

I Timothy 5:18 "For the Scripture says, 'Do not muzzle the ox while it is treading out the grain,' and 'The worker deserves his wages.'"

The standard of openness and law-abidance set here is disingenuous given the actual practices of disallowing contributors to see what was done with the funds given.

01.01 Relationship to ICOC Policies and Procedures

The local church adopts the Model Administrative Policies and Procedures of ICOC except to the extent that they conflict with local and state laws. If there is a conflict with any ICOC Policy or Procedure due to local and state law, the policy or procedure of the local church shall take precedence over the Model Administrative Policies and Procedures of ICOC and shall be binding on all matters concerning the local church.

Goes to the question of “control” on the Form 1023 Application for Recognition of Tax-Exempt Status. Each (if not all) congregation told the IRS that they were NOT under the control of any other organization----and that they were NOT financially accountable to any other organization, yet here we see that they had to submit to ICOC control in order to be an affiliated local church.

01.02 Relationship to Local Standing Board Policies and Procedures

The Model Administrative Policies and Procedures of ICOC shall take precedence over any existing local standing Board Policies or Procedures at the date of adoption of this manual. After adoption of this manual, the local church Board may see a need for a new local standing policy which could possibly be in conflict with one or more of the Adopted Model Policies. Even though the local Board has the authority to establish local standing policies which could be in conflict with the Model Policies, it is preferable that any proposed changes are communicated to the Ecclesiastical Council so that it can consider revising the Model Policies to meet the local church's need and maintain unity among our churches by keeping the number of policy conflicts to a minimum.

When the local church Board is considering a local standing policy that may conflict with a Model Policy, the local church administrator, prior to any action on the part of the local Board, should advise the World Sector Administrator of the proposed local Standing Policy, including the reasons for the conflict. The World Sector Administrator will forward the information to the ICOC World Sector Administrator who, if necessary, will confer with the ICOC General Counsel and the Ecclesiastical Council (See 01.03) to determine if the conflicting Model Policy should be revised to avoid a conflict. If a revision to the Model Policy is not possible, the World Sector Administrator may advise the local church how the local Board might proceed with the establishment of a local Standing Policy.

This goes to “control” and “financial accountability”, again proving the fraud committed when the various affiliated entities told the IRS they were not “controlled by” any other organization.

02.01 ICOC Organizational Structure

The International Churches of Christ is a worldwide fellowship of disciples, churches and other related entities, who, among other things, seek to glorify God by "making disciples of all nations." (Matthew 28:18-20) To facilitate this purpose, several corporate entities have been established. Even though each of these entities has a specific role and relationship within the International Churches of Christ, each is intended to maintain a distinct corporate identity.

This goes to all local church members' standing as “members” of ICOC, Inc. This is legally important as the ICOC might enjoy refusing members' rights to see the books by claiming that they were not actually ICOC members, but “local church” members instead.

The following entities are in existence at this time or are currently contemplated: International Churches of Christ (ICOC), International Churches of Christ-Mission Society (ICCMS), individual World Sector Corporations (WS), local churches, Kingdom News Network (KNN), and Discipleship Publications International (DPI).

Goes to “membership” by association at least. If the ICC is a “fellowship” of “disciples...and entities” and I was a “disciple” and ICCMS was an “entity”....

Each of these entities, while united in our common goal to evangelize the world, has a distinct and unique role, purpose and organizational existence. By being separate and distinct, each of these entities is entitled to exercise its own authority and control over matters related to ministry, finances and administration. Nevertheless, because of our biblical belief and theology, each of these entities may be subject to the ecclesiastical direction or control of another entity or entities. It is not intended for ecclesiastical direction or control to usurp the day-to-day governance of another entity except for areas involving theological beliefs and practices or the spiritual well being of the entity.

Goes to “control”. Notice the contradiction of the first line by the second. They are either separate entities, or they are NOT.

Additionally, the local churches of Christ and its members support HOPE Worldwide, Ltd. and various local HOPE Worldwide entities. HOPE Worldwide has an informal, yet meaningful, role in the ICOC organizational structure (See: 02.01.03).

Kip McKean called HOPE a “separate arm of the church”, and its leaders were considered “World Sector Leaders over HOPE”. This is hardly “informal”. It it’s “of the church”, then it’s clearly under the control of the church. What’s at stake here, of course, is that if HOPE called itself a “church”, it would not be eligible for the MILLIONS of dollars it receives each year in corporate and government grants and donations.

02.01.01 ICOC

ICOC is a "Church" as defined by the tax code and is responsible for promulgating administrative policy and procedure to assist each of the other entities in accomplishing the goal of world evangelism. ICOC is composed of individual churches of the fellowship of the International Churches of Christ that are members of ICOC by affiliation agreements. These Churches are represented by the delegate vote of the current World Sector Leaders (WSL) and World Sector Administrators (WSA). This body meets formally and informally throughout the year to promulgate policy, discuss theology, and implement ministry decisions to accomplish our goal of world evangelism.

Three of the World Sectors, HOPE Worldwide, Media/Law and The NET are non-geographic and are worldwide in their scope. HOPE Worldwide is a benevolent organization that is supported, in part, by the contributions, donations, and volunteers of various entities within the International churches of Christ. Media/Law is an organization that assists the various entities within the International churches of Christ with legal and media issues. The NET is an organization whose mission is to lead the Church's efforts on the Internet (New Media), to develop the Spiritual Resource Ministry to aid special needs children and to develop cutting edge educational opportunities for special needs and typical children (Exceptional Children), and to lead and direct the Church's efforts in technology(Technology).

The current World Sector Leaders and World Sector Administrators are:

World Sectors	WSL	WWSL	WSA
International Missions	Kip McKean	Elena McKean	Andy Fleming
International Missions Administration	Andy Fleming	Tammy Fleming	
International Missions (LA)			Keith Rose
ACES	Steve Johnson	Lisa Johnson	Vivian Hanes
British Commonwealth	Doug Arthur	Joyce Arthur	Jim Blough
Central & South America	Peter Garcia-Bengochea	Laura Garcia-Bengochea	Jaime De Anda
China	Scott Green	Lynne Green	Don Lee
HOPE Worldwide	Bob Gempel	Pat Gempel	Randy Jordan
Media/Law	Al Baird	Gloria Baird	John Bringardner
Middle East	Kip McKean	Elena McKean	Mike Mines
New England/Europe	Randy McKean	Kay McKean	Dan Bathon
Northern Federation	Marty Fuqua	Chris Fuqua	Tom McCurry
Pacific Rim	Frank Kim	Erica Kim	Chris Jacobs
The NET	Russ Ewell	Gail Ewell	Stone Eleazar (NET Administrator)

World Sector Leaders are men and women who have been selected by God

It is blasphemous to charge God with the appointing of such spiritual monsters as were routinely appointed to leadership in the ICOC.

and serve as spiritual leaders over a geographic portion of the world, known as "World Sectors." Each World Sector Leader couple is responsible for the evangelization of their respective region. The WSLs have selected men and women to serve as Geographic Sector Leaders (GSL). **GSLs are responsible for the evangelization of a geographic sector within a World Sector and shall submit to the authority of the respective World Sector Leader.**

Goes to "control". (The GSLs oversaw the individual congregations in their Geographic Sectors.)

World Sector Administrators offer each corresponding World Sector Leader administrative, financial and legal support. World Sector Administrators collectively or individually have no authority to act except for that authority that has been delegated to them individually or collectively by their respective World Sector Leaders or the collection of World Sector Leaders.

Currently, Thomas W. (Kip) McKean serves as the leader of the World Sector Leaders. In the event Mr. McKean is no longer able to serve in this role, the remaining World Sector Leaders will then appoint a leader to serve as a replacement for Kip McKean.

Andrew C. Fleming currently serves as the lead Administrator among the World Sector Administrators. If he is unable to serve in that role, the World Sector Leaders will then appoint his successor.

This structure changed with the resignation of Kip McKean in 2002. No replacement was named, and rumors were spread that the WSLs disbanded. However, the ICOC, Inc is still active—and one wonders for what purpose if its board of directors has disbanded.... (The World Sector Leaders were the last known BOD for ICOC, Inc.)

02.01.02 ICCMS

ICCMS is an "integrated auxiliary" of ICOC. The sole purpose of ICCMS is the receipt and distribution of mission funding pursuant to the World Financial Plan (WFP). The WFP is a detailed financial plan for the funding and support of world evangelism. Specifically, it is the intent of ICOC to establish a church in every nation that has a city with a population exceeding 100,000 inhabitants by the year 2000. The WFP accommodates this goal by allocating the receipt and distribution of funding from the various churches and other entities associated with or affiliated with the International Churches of Christ. ICCMS and its board will be responsible for the receipt and distribution of these funds. The board of ICCMS shall be approved by ICOC.

1. "By the year 2000." For what it's worth, this goal was not reached until July of 2000, at which point it was celebrated as having been completed a few months EARLY. When questioned about the discrepancy, WSL Steve Johnson quipped that none of them had ever stopped to define what they meant by the term "BY the year 2000". Just an example of their spin.

2. ICCMS board approved by ICOC. Goes to "control".

02.01.03 HOPE Worldwide

HOPE Worldwide is a charitable organization, incorporated in Delaware and supported, in part, with contributions and donations from the various entities within the International Churches of Christ. HOPE Worldwide has a separate 501(c)3 status and purpose and receives some government funding and some corporate funding through corporate grants. Even though HOPE Worldwide depends on the International Churches of Christ for a large portion of its financial support and its volunteers, it is a separate corporation and answers to its own Board of Directors.

In 1991 when HOPE applied for tax-exempt status, the board of directors was EXACTLY the board for ICOC, Inc. (The World Sector Leaders.) And it was still exactly the same group as of the writing of this Administrative Policies 2001. See page 37 of HOPE's 2001 990 Return for the listing. Why would ICOC want to write a statement like this in their policies to cause the church administrators to believe something other than what was true?

02.01.04 World Sector Corporations

Each World Sector Corporation shall be a "Church" as defined by the tax code and shall be a subsidiary of ICOC.

This goes to the World Sector "membership" rights of the members of the local churches under each World Sector.

Each World Sector Corporation is a separate and distinct corporation from each other World Sector Corporation and from the International Churches of Christ and its affiliated or associated entities. That is, each World Sector Corporation shall have its own separate officers and directors and shall implement policies and procedures, exercise ecclesiastical direction or **control**, and receive and **distribute mission funding** within its World Sector in accordance with the **Six Year Plan** and the respective **World Financial Plan**. Each World Sector Corporation shall operate pursuant to applicable ICOC Administrative Policies and Procedures.

The “Six Year Plan” was the goal set out in 2004 to have a church in nearly every nation by the year 2000. The WFP was the plan for how to pay for the Six Year Plan. The WFP, by the way, was created by Paul Campanis, who is a former member residing in Nashville.

02.01.05 Local Churches

Local Churches are those individual Churches of true disciples who adhere to the teachings and belief of Jesus Christ and are associated or affiliated with the International Churches of Christ. Local Churches may be either US Churches or Non US Churches.

Each local church corporation, while maintaining its own separate ministerial, administrative, and financial control, is subject to the ecclesiastical direction or control of the World Sector of which it is a part.

Each local church is subject to the leadership of its lead evangelist for areas involving ministry and ecclesiastical issues and to the officers and directors with respect to corporate and administrative issues.

Each local church corporation shall operate pursuant to applicable ICOC Administrative Policies and Procedures.

Goes to “control”.

02.01.05.01 Corporate and Tax Status

Each local church will become affiliated members of ICOC and/or the appropriate World Sector corporation through separate affiliation agreements.

Each local US Church shall establish its own separate corporation with its own officers and directors as soon as it is prudent to do so.

Those U.S. churches with less than 100 members shall be entitled to the U.S. tax benefits of ICOC pursuant to ICOC's Group Exemption.

When a church exceeds 100 members it should obtain its own separate tax status and do so within the required time-frame provided by the IRS.

See a template version of this affiliation agreement [here](#). (There were probably several versions through the years.)

02.01.06 Local HOPE Worldwide Entities

Local HOPE Worldwide entities may be established in any given location pursuant to the guidelines of HOPE Worldwide. The local HOPE Worldwide entity should be a distinct corporate entity separate from the local church and should be subject to its own officers and directors. Even though the local HOPE Worldwide corporation is to act as a separate corporation from the local church, **it is anticipated that HOPE Worldwide volunteers who are members of the local church may be subject to the ecclesiastical direction or control of local church leaders**, officers or directors or to HOPE Worldwide and its officers and directors.

Goes to “control”.

02.01.09 Relationship Between Entities

There are situations where several of these entities co-exist in a given location. In each of these locations, great care must be taken to respect the corporate distinction of each individual corporate entity. Specifically, allocation of shared office expenses and shared human and material resources should be formalized by written contract and respected by the various entities involved. Additionally, wherever practical, vendor relationships should be kept separate and distinct. **In all instances, it is essential there be no commingling of funds between the various entities.**

I believe there have been instances in the local churches where funds donated to HOPE were made out to the local church on checks. We are currently seeking to document occurrences of this.

Extra precaution must be taken in any administrative or ministerial decisions that may involve another entity. Those decisions or actions must involve an "arm's length" transaction between the individual entities involved. Moreover, specific policies should be established to clearly define which issues require the approval of officers and directors of the entities involved. Finally, it is essential that each entity observe corporate formalities such as holding regular board meetings, assuring active and informed participation by all Board members, **maintaining minutes of such meetings**, maintaining separate and complete corporate and financial books and records, and otherwise operating each corporation as a fully operational and independent entity.

These minutes and other records, of course, are not available to the members or to former members who contributed funds to the church.

02.04.02.01 Office Manager (OM)

The OM is responsible for the day to day management of the church offices and its personnel. The OM shall be appointed by the CEO or CFO, subject to approval by the Lead Evangelist. The OM shall report directly to the CEO or CFO on all administrative matters. **The OM shall submit to the Lead Evangelist on all spiritual and ecclesiastical matters.** The OM must have sufficient management skills and experience to manage the office and personnel needs of the church.

The submission weren't farther than "spiritual and ecclesiastical" and into the financial, I have good reason to believe. Henry Kriete wrote about poor financial policies being "railroaded" through by ministry leaders. We are seeking to document such charges.

03.01 Articles of Incorporation

Where appropriate, each church entity shall file for and maintain a separate and distinct corporate entity. Articles of Incorporation should be filed and maintained by the Corporate Secretary at the corporate office. The Articles of Incorporation should properly define the religious purposes of the entity, the association, if any, with the International Churches of Christ, and a prohibition of the net earnings or assets of the entity from inuring to the benefit of its directors, trustees, officers, members or any other individual contrary to applicable and federal law. All Articles of Incorporation should be reviewed by local legal counsel prior to filing to ensure that they comply with various state and federal laws.

Note: **sample Articles of Incorporation will be provided on a separate database containing corporate protocols and documents.**

It goes to "control" that the local churches were expected to pattern their Articles after a template given out by ICOC, Inc.

03.02 Bylaws

Each properly incorporated entity associated with the International Churches of Christ should maintain corporate bylaws which define the religious purposes and corporate powers and limitations of the entity and its association, if any, with the International Churches of Christ. Moreover, the bylaws should define the membership of the corporation, describe meetings of members or delegates, define voter's rights, establish the roles and responsibilities of officers and directors, and such other corporate activity as may be required by the state of incorporation. The bylaws of each entity should be reviewed by the World Sector Administrator and/or local legal counsel to ensure that they comply with applicable state and federal law.

Note: **sample Bylaws** will be provided on a separate database containing corporate protocols and documents.

It goes to "control" that the local churches were expected to pattern their Bylaws after a template given out by ICOC, Inc.

03.05 Board of Directors

The Board, while recognizing that the Elders and Evangelists of the church have been given the biblical role of spiritual and ecclesiastical leadership of the church, shall take all steps necessary for the proper corporate governance of the church. **It shall be the responsibility of the Board to actively oversee mission, major policy, major financial, and personnel decisions and to set clear boundaries for the proper exercise of delegated authority by senior management or the officially recognized church leadership.** The Board shall maintain a board policy manual, implement a program for the selection, orientation, and training of board members, and meet on a such a regular basis as is necessary to ensure proper board governance.

This is bogus. They were always known puppets of the evangelist. Ask an evangelist when he was ever denied anything by the Board. And ask Henry Kriete the specifics of what he was referring to when he said they had been told to "get their boards on board".

04.02 Employee Handbook

The Church is committed to effective communication of all policies, practices and procedures to all employees of the Church. Consequently, the Church plans to create, publish and distribute an Employee Handbook for the use and guidance of its employees. The Employee Handbook will be effective upon approval by the Board of the Church.

The members are not allowed to see such publications as the Employee Handbook. Nor do they know such a thing exists.

04.13.01 Confidentiality

Information about the church's employees, members, suppliers, and vendors is to be kept confidential and divulged only to individuals with both a need to receive and authorization to receive the information.

All records and files maintained by the church are confidential and remain the property of the church. Records and files are not to be disclosed to any outside party without the express permission of the appropriate area Manager. Confidential information includes, but is in no way limited to, financial records, personnel and payroll records (regarding current or past employees), information regarding member transactions, member account information, information regarding members, vendors, or suppliers, or any documents or information regarding church's operations, procedures, or practices. Confidential information may not be removed from church premises without express authorization.

Confidential information obtained during or through employment with the church may not be used by any employee for the purpose of furthering current or future outside employment or

activities or for obtaining personal gain or profit. The church reserves the right to avail itself of all legal or equitable remedies to prevent impermissible use of confidential information or to recover damages incurred as a result of the impermissible use of confidential information. Employees may be required to enter into written confidentiality agreements confirming their understanding of the church's Confidentiality policies.

We should question about these NDAs---and particularly the motives behind them. Goes to concealment and conspiracy to conceal.

05.01.01.05 Assignment of Ordained Employees

An ordained employee may be properly assigned to a non-church entity (e.g. HOPE worldwide) if the employee continues to perform sufficient ministerial duties with the local church. The ordination must precede the actual assignment to the position.

Why would a church give away an employee to HOPE? Is this a way to buy off ministry folks who have proved to be a liability in the pulpit, but who would threaten to sue the church if they were fired outright?

05.02.05.09 Statement of Faith

Be it hereby declared that:

The successful mission of the Church is directly related to the depth and sincerity of commitment to Jesus Christ demonstrated by each employee, including the commitment to learn to follow the teachings of Jesus Christ individually and through the Church's discipleship program;

The effective outreach and ministry of the Church is dependent upon each employee having an authentic faith in God, the inerrancy of the Holy Scriptures, and the Mission of the Church;

The Church ascribes to the Biblical truth of "a little leaven leavening the whole loaf" which must guide the careful selection of its staff;

It is therefore resolved that:

Each employee must be a disciple of Jesus Christ. Furthermore, each employee is regarded as a full-time ambassador of Jesus Christ and of the International Churches of Christ and the Local Church.

All employees shall behave on and off the job in a manner consistent with the mission of the International Churches of Christ as an organization committed to declaring and demonstrating the message, mission and character of Jesus Christ.

Each employee may regularly participate in staff devotional activities as his or her other duties permit and shall be prepared to pray with and provide Biblical counsel to those seeking ministry services, if and when periodically requested by his or her supervisor.

Signed on _____, 20____ by

Ministry Leader

Employee

Administrator

We have multiple accounts of ministry staff behaving quite outside this stated policy, and yet retaining their jobs. The routine seems to have been that once a guy had gotten in trouble locally, he'd be shipped to another city and received as "an awesome brother" from _____ who has come to help us in our ministry here". We are seeking to document occurrences of this.

From 05.02.07.01 Sample Employment Agreement

5. Duty of Confidentiality. You agree to keep confidential all member and donor information and all other confidential or proprietary information both during and after your employment with [local church]. Any member or donor lists, files or other confidential or proprietary information, or copies thereof, to which you have access must be returned to [local church] immediately upon termination of employment. You agree not to take or use such confidential information in any form, or for any purpose, including but not limited to development for other churches or nonprofit organizations.

How could an employee know ahead of time that certain "confidential or proprietary information" would be damning to the good reputation of the church? Isn't this a promise ahead of time not to tell anything, even if it means revealing crimes committed by the church? What follower of Jesus could make such a vow? And who could keep it after realizing that it is protecting those who have broken the law?

06.01 Employee Compensation Policy

In establishing our specific compensation policies every attempt is made to follow the Scriptural Principles Relating to the ICOC "Needs-Based" Compensation:

Scriptural Principles Relating to the ICOC "Needs-Based" Compensation

1. The International Churches of Christ (ICOC) do not "hire" individuals to do the work of ministry or administration. Individuals who have been called and appointed by God for God's purposes are given designated roles (responsibilities), according to their ability. These individuals receive their living from the gospel (church). The following scriptures support this approach for the ICOC compensation plan:

(several scriptures are listed at this point.) Note now that not only the WSLs are appointed by God, but now ministry and administration folks are also appointed by God. Ask them how God informs them of these appointments. Also, ask them if they blame God for the bad leaders having been appointed.)

2. "Needs" are not determined by role or position, but by family size, age of children and housing costs (based on location). Larger families incur higher living costs than smaller. Therefore, larger families "need" more income to cover living costs than do smaller families. Supporting scriptures are:
 - a) Acts 2:44-45 (The believers met "needs")

"All the believers were together and had everything in common. Selling their possessions and goods, they gave to anyone as he had need."
 - b) Acts 4:34-35 (Money was distributed based on "need")

"There were no needy persons among them. For from time to time those who owned lands or houses sold them, brought the money from the sales and put it at the apostles' feet, and it was distributed to anyone as he had need."

c) 2 Corinthians (Equality in meeting "needs")

"Our desire is not that others might be relieved while you are hard pressed, but that there might be equality. At the present time your plenty will supply what they need, so that in turn their plenty will supply what you need. Then there will be equality, as it is written: 'He who gathered much did not have too much, and he who gathered little did not have too little.' "

There's no way this policy was followed. When a "ministry intern" made \$12,000 and the "lead evangelist" made \$120,000---both supposedly working full time and performing the same types of tasks, there's no equality here at all. And that's not to mention that the members often worked harder than the evangelists and got ZERO money for it.

Also, I believe that "ministry interns" were only around to bring down the average compensation level for "ministry" staff. This is related to the Gammon and Grange letter that the ICOC held out as proof that their ministry salaries were actually LESS than normal for ministers in the US. What they did NOT tell us, however, is that this was only a review of the AVERAGE salary, and did not specifically take into account the high compensation level of ICOC "evangelists" and "lead evangelists". With a handful of low-paid interns, each evangelist's salary is offset in calculations for "averages". (The average salary of a "pastor" in the United States is currently around \$40,000 per year, including parsonage allowance, according to Barna Research. Compare this to ICOC's lead evangelist salaries in excess of \$100,000.)

Conclusion (of 06.01)

The ICOC compensation plan is indeed unique. The scriptures support our belief that a minister or administrator of the gospel should not be compensated according to ability, position, seniority or hours worked, but upon "need". While this viewpoint is radically different from compensation plans followed by other "churches", ICOC believes its plan is fair, reasonable, comprehensive, nondiscriminatory and effective.

OK, so why is there a "responsibility" factor in your salary model? And why did evangelists make so much more than full-time interns? Also, why pay the preacher's wife, who mostly stays home with the kids and is not even pretending to work the same number of hours as the husband? How is it that she "needs" money in addition to the handsome sum the husband is bringing home? Or was each paid as if they were the sole breadwinner for the household—as if there were a "don't-ask-don't-tell" policy regarding whether a minister happened to be married to another minister?

06.04.01 General Considerations (Gifts/Honoraria) EXCERPTS

The ICOC, just like the early disciples in the Bible, is a fellowship of believers committed to the evangelization of the world in one generation.

This goes to “membership” of the local church members in the parent ICOC corporation.

ICOC believes the unity of the movement is essential to reaching this goal. As such, ICOC strongly endorses and urges employees from one ministry entity to occasionally assist in the work of other ministry entities. Consequently, it will be necessary for employees from one ministry entity to visit another ministry entity for the purpose of teaching, training, or fellowship.

This amounts to a paid vacation program. We have a former administrator in the Maui ICOC church who tells about ministers coming there, speaking to the church for 10 minutes, and then getting their honoraria IN CASH on their way out to 5-star hotels. See following excerpts for amounts. This all goes to inurement--and we have reason to believe that the leaders kept these vacations a secret for the most part--concealing them from the members.

06.04.02 Honoraria

The following guidelines should be observed concerning payment of honoraria:

3. Honoraria are subject to a limit of \$300 per day worked and a limit of \$750 per scheduled engagement or event.

4. For churches with over 3000 members, for an extraordinary special event, honoraria exceeding the limits in 3 above may be paid with approval as follows:

? Honoraria up to \$600 per day worked and up to \$1,500 per scheduled engagement or event may be paid with proper approval documentation by a congregational elder or lead evangelist.

? Honoraria over \$600 per day worked and over \$1,500 per scheduled engagement or

06.04.04 Authorization of Payment or Gift

1. Gifts by a Ministry Entity to employees or members of another Ministry Entity must have approval of the elders or lead evangelist.
2. Local Regional or local Sector Leaders may approve Ministry Entity gift reimbursements up to \$75 per recipient per year for employees or members of their own Ministry Entity.
3. For extraordinary special events, such as the appointment of elders and evangelists, illness, death, births or the like, the Ministry Entity may give an appropriate gift which has a value in excess of the \$75.00 limit when approved by a lead evangelist or elder and the gift is valued at no more than \$750.
4. Extraordinary special events gifts will be paid for by the Ministry Entity, and if the recipient is an employee of the Ministry Entity, then the recipient will have the value of the gift shown as income

This goes to the inurement of the leaders. Also, there is no guarantee that the churches adhered to the limitations enumerated herein. They certainly didn't adhere to other policies written here.

06.05.05 Employee Bonus

The church, at its discretion, may award bonuses to employees to recognize significant achievements or for special dates (e.g. Christmas bonus). Bonuses paid to employees are considered income and must be included in their annual compensation and reported on form W-2. All bonuses to the Officers, Lead Evangelist, Associate Lead Evangelists and Directors must be authorized by the Board. Bonuses paid to Administrators or other employees must be approved by the Lead Evangelist, or in the case of administrators, the Lead Administrator. Bonuses are subject to Federal, State and FICA/SECA taxes.

We know of a local church Board giving a bonus in excess of \$10,000 to two employees for doing a good job developing a training program, which was already part of their jobs to do. I suspect that this practice may have been widespread. This goes to illegal inurement of the leaders.

06.09.02 Selection of Student Ministry Interns

1. No student ministry intern shall be hired without a review of the prospective intern's financial affairs by the appropriate administrative personnel.

2. No child of an Officer, Director or "Control Person" of any ICOC corporate entity may be selected as a student ministry intern without prior written opinion of the local church counsel or _____ outside legal non-profit counsel and corporate resolution by the Board. For these interns, we _____ suggest that outside community references _____ be obtained as well as references _____ from within the church.

The Board should determine whether objective criteria have been used in selecting the recipient and should note this in the corporate resolution. In addition, it is suggested that these interns obtain outside community references as well as references from within the church.

Even so, the instance of evangelists/officers' kids being hired was really high. This goes to inurement. Just ask to see the qualifications by which legal counsel gave consent.

12.01 Budgeting Policy

The Bible teaches that all of our material assets belong to God and that God's people are merely stewards of those assets under their care (Luke 16). Jesus indicates that our use of finances will be an issue of eternal judgment. Furthermore, the early church set the precedent that we should take pains not only to manage the finances of the church in a manner pleasing to God, but also in a way which gives non-believers no ground for accusations of impropriety (2 Corinthians 8:20-21). With this in mind, every church should conduct its financial affairs according to a budget and be accountable for variances from that budget.

Enough said! I'd say that refusing to SHOW the books is "ground for accusations of impropriety"!

12.01.03 Relationship to ICOC World Financial Plan

The International Churches of Christ World Financial Plan is a financial projection that incorporates the estimated revenues and expenses of all existing and planned ICOC affiliated churches. It determines the annual allocation of World Missions funds to and from the World Sector organizations, and provides a means of centralized planning to achieving our church planting goal: Initially, a church in every country with a city of over 100,000 people by the year 2000. Because the World Financial Plan depends, in part, upon an accurate analysis of all existing church's revenues and expenses, it is imperative that each church develops an accurate financial budget.

12.02.01 Relationship to ICOC World Financial Plan Cycle

The ICOC World Financial Strategic Plan is completed annually in September. This plan helps identify the missions contribution multiple and the ICOC Management support. Information from this plan will be used by the World Sector Administrators to complete the World Financial Plan and communicate this to the churches in their jurisdiction.

The WFP goes to “control”. The parent corporation told each subsidiary (World Sector) and local church how much money it would be giving each year, both in “special missions contribution”, and in a monthly “administrative fee”. The members, of course, did not know this.

12.03.01 Support and Revenue Projections

Incoming funds come from two primary sources: revenue from church members (contribution), and financial support from other affiliated entities (could be other churches or sub-groups within a church such as regions or super-regions).

Why would a self-supporting church need support from some other affiliated entity? Were the local churches so mismanaged that they needed help to maintain their budgets? Why were the members never informed of this? Or was there some other motive behind this practice? Who would have benefited from this?

12.03.01.03 Special Events

Special events include a broad array of events carried out by the church on behalf of the members. Examples would include: Women’s Day, singles social events, parenting seminars, campus workshops, married workshops, etc. For many of these events the church will ask a fixed price from attendees in order to cover the cost of the event. It is advised that all such events prepare a budget and break-even.

Because these events involve incoming moneys, we have categorized them in the revenues section of the budget framework. Thus, any excess funds from the event are general revenue for the church. Correspondingly, any non-covered expense is a direct deterrent to other regular revenues.

This may sound innocent enough until you start asking questions about what sort of excesses there were. I have reason to believe that event entry fees were purposely inflated for the purpose of adding to the general coffers in some cases.

12.03.01.04 World Missions Contribution

All US affiliated churches take up an annual special missions contribution. A significant portion of this contribution is collected for missions work outside that congregation. These funds are considered restricted revenues. (but “restricted” for what? Loads of inurement occurred here, and likely, the founding of new corporations was funded from these monies--particularly KNN and perhaps others?) These revenues and the associated revenues and expenses are included in the ICOC World Financial Plan. Special contribution funds in excess of the missions obligation (restricted funds) are general, unrestricted funds to the local church. (But there’s a problem here. I believe that the World Sector would tell the local church what it’s “multiple” was each year, and then the local church would ADD up to 3 points on to that “multiple”, telling the congregation that this year’s multiple is _____, but not explaining that it was actually X+3. THEN they’d say “anything collected over our goal will stay here for local use.” I believe that this was deliberate misrepresentation.)

The obligation to world missions is determined as a multiple of the average weekly contribution in August of the year preceding the contribution. However, when collected, the goal is often set as a multiple of the average weekly contribution of a month in the current year, usually resulting in a surplus to the local church. This amount can be entered into the budget as revenue, but only a conservative estimate of the Special Contribution excess should be used for budgeting purposes.

12.03.02.03 Benevolence

This line item is used to project costs associated with meeting needs within the **local** congregation and community within the guidelines of the ICOC Benevolence Policy. See, generally Section 18.01. The budgeted amount should reflect a commitment to identifying and meeting physical and emotional needs that is reflective of the teachings of Jesus.

These funds were not kept restricted, however. Nor did they stay local. In fact, there are many stories of local needs going un-met. Bob Gempel says that HOPE considered these funds to be “unrestricted” for the use of HOPE and that HOPE paid its administrative overhead from these funds.

12.03.03.01 HOPE Worldwide Support

For a church entity, HOPE Worldwide support is determined through the World Sector Administration in accordance with the ICOC World Financial Strategic Plan. This amount is usually a percentage of the church’s average weekly contribution from a month in the prior year. This same percentage should then be allocated to sub-entities.

I believe that this amount was generally 4%, though it may have varied a bit. The members were never told about this, to the best of my knowledge, however. We thought our annual fundraisers were going to HOPE, and had no idea that a cut of our regular weekly contribution was going to support HOPE.

12.03.03.02 ICOC Management Fee

The ICOC management fee is determined in the same manner as the HOPE Worldwide Support and should therefore be allocated using the same procedure described above.

I believe this amount also to be 4%, generally. Members were not informed of this, either. I believe that they also took a cut from Special Missions Contribution.

12.03.04 World Missions Support

The **fixed** amount of World Missions support is determined annually in the World Financial Plan. This fixed amount is sent to the respective World Sector Corporation as the local church’s funding commitment per the Strategic Plan.

This begs the question, of course, as to what they’d do with funds collected in excess of the goal for that year, or even whether the “Fixed amounts” going to each WSC would total to the entire SMC collected. In other words, did ICOC, Inc. budget a cut for itself that would not go toward missions at all? I suspect that they did. In fact, there are rumors that Kip McKean had a “slush fund” that likely could have been funded in no other way than SMC.

12.03.05 Capital Expenditures

The capital expenditure budget is a list of investments in capital assets. A capital budget provides for separating financing of capital or investment expenditures from current or operating expenditures. The Church has never had a capital budget in the sense of financing capital or investment-type programs separately from current expenditures. However, the church's expenditures of an investment nature are presented as cash outlays and shown by years (or months) so that the cash required in each time period can be determined. This is done as described in the section on Net Short-term Asset (12.01.02). Capital expenditures are included in the cash flow or cash budget and are balance sheet items.

We are currently inviting analysis of this section.

13.01.01 Prohibited Investments

It is the policy of the Church that investments be limited to deposits in federally insured accounts at federal reserve member financial institutions, institutional investment funds, and U.S. Government treasury bills. The Board of Directors and Chief Financial Officer must authorize all investments in instruments other than federally insured accounts. All other investments including marketable equity and debt securities and loans to members or others are strictly prohibited. (See: section 13.07 regarding loans to ICOC affiliated entities.)

NYCCOC made a loan to its own Don Hanson for \$40,000. The Nashville Church made a loan to the HUSBAND of the church administrator in or about 1990 (Tommy Beene). Also, it is still unclear whether the Boston Church invested monies, in Software.com. It is likely that a complete accounting of all ICOC entities would reveal considerable infractions of this stated policy.

14.02.07 Revenue Accounts

3000 Weekly Contribution: All "regular" weekly contributions. Amounts should be recorded based on the number of collections each month. Monthly, the recorded amount should be reconciled to the [sector's] statistical records.

3005 NSF Checks - Weekly Contrib.: Members weekly contribution checks returned NSF. This account is debited when the returned check is recorded and in the event that a replacement check is received this account is credited.

3010 Weekly Contrib. - Non-cash: Non-cash contributions of publicly traded securities. All other noncash contributions require approval from the Lead Administrator prior to acceptance.

3100 Support from Affiliated Entities - Unrestr.: Support received from affiliated entities without any donor-imposed or Board designated restrictions

3150 Support from Affiliated Entities - Missions: Support received from affiliated entities and designated for local or other missions.

3175 Support from Affiliated Entities - Other Restrictions: Support received from affiliated entities with other temporary or permanent restrictions.

3190 Intra-company Support: Support received from other cost centers or ministry units within the Church. Amounts must net against recorded balance in A/C 9900.

32xx Special Events Revenue - Revenue received from church sponsored events where fees are charged to cover the direct expenses of the event. Examples would include seminars, banquets, etc. Where the amounts collected are for the exact amount of tickets to sporting events, amusement parks, etc., this should be treated as a liability rather than revenue. Each unit can use the "xx" digits to designate specific events.

3300 Other Support/Revenue - Unrestricted: Amounts received from members, nonmembers or other unaffiliated entities without any donor specified restrictions.

3305 Other Support/Revenue - Restricted.: Amounts received from members, nonmembers or other unaffiliated entities with a donor imposed or Board designated temporary or permanent restriction.

Notice that there is no mention of Contribution for the Poor (local benevolence) in any of these revenue accounts. These funds, though advertised and given for a specific purpose were NOT accounted for separately.

3310 Interest Income: Interest earned on bank accounts, temporary investments or deposits.

3320 Realized Gains/(Losses): Gains or losses realized on the disposition of church owned property including temporary investments, buildings and improvements, furniture and equipment, land, etc.

3500 Missions' Contrib. - Members: Used to account for the annual special missions contribution including amounts contributed directly by members or by others through members' individual fundraising efforts.

3510 Missions' Contrib. - Fund raisers: Used to account for annual special missions contributions solicited via church sponsored fund raising events at the sector, region, super region or church-wide levels. Examples would include "a-thons", dinners, parties, etc.

3520 Missions' Contrib. - Noncash: Noncash contributions of publicly traded securities. All other noncash contributions require approval from the Lead Administrator prior to acceptance.

14.02.08 Expense Accounts

40xx Special Events Costs: Direct costs related to holding special events where the related revenue is recorded in account 3200. Examples include lodging, meals, expenses of speakers, supplies, etc. Each unit can use the "xx" digits to designate specific events.

5000 Employee Comp. - Regular Salary: Net wages paid for the services of ministers, interns, and administrators per approved salary model calculations.

5001 Employee Comp. - **Severance**: Net wages paid to ministers, interns, and administrators upon termination as per approved severance arrangements..(*while severance was often routine, it was quite high in many cases after the Henry Kriete Letter of 2003.*)

5002 Employee Comp. - Non-qual. Relocation: All expenses reimbursed to an employee or paid on behalf of an employee related to relocation that must be reported as taxable income per IRS regulations. A Moving Expense Worksheet must be completed and submitted with the request for reimbursement.

5003 Employee Comp. - **Gifts/ Bonuses**: Special occasion distributions or bonuses given to an employee of the Church. These items are limited to specific situations and amounts per the ICOC Administrative Policy pertaining to Gifts and Bonuses.

5005 Employee Comp. - Other Salary Items: Reimbursement for "frequent flyer" mileage, expenses which are not a "qualified" business expense, etc. Note: Items in this category must be consistent with applicable ICOC Administrative guidelines.

5004 Employee Comp. - Housing Deposits: Amounts paid to or on the behalf of ministers, interns or administrators for deposits on their rental homes. Note: This account is intended for use where local church policy or law treats these items as taxable income at the time of payment.

5010 Non-employee Comp - **Honoraria**: Amounts paid to individuals for speaking engagements or other services provided to the church. A valid social security number and complete address information must be on hand at the time of payment. These amounts must be designated as "1099" payments when the A/P voucher is entered into the accounting system.

5011 Non-employee Comp - Relocation: Amounts paid to or on behalf of individuals asked to relocate to or from the Church as "volunteer" missionaries including repatriation for U.S. citizens returning from foreign mission fields as non-employees. A valid social security number and complete

address information must be on hand at the time of payment. These amounts must be designated as "1099" payments when the A/P voucher is entered into the accounting system.

5012 Non-employee Comp - Other: All other amounts paid to or on behalf of individuals providing services to the church. A valid social security number and complete address information must be on hand at the time of payment. These amounts must be designated as "1099" payments when the A/P voucher is entered into the accounting system.

5020 Payroll Taxes: Includes federal, state, local, FICA (employee and employer share) or SECA taxes paid on the behalf of employees or non-employees.

5100 Employee Benefits Expense: Premiums paid for Medical, Long-term Disability, Life Insurance policies, and Tax Sheltered Annuity (TSA) contributions.

5110 Workman's Compensation: Premiums paid for Workman's Compensation.

6000 Business & Professional Expense Reimbursements: Monthly reimbursements for mileage, entertainment, meals, phone, and office supplies for the full-time ministers, interns and administrators. See the U.S. Church Guidelines for Administrative Policy. A Business & Professional Reimbursement form must be submitted prior to payment.

6005 Travel - Transport, Lodging, Meals: Includes all "qualifying" ministry-related travel expenses such as airfare, car rental, lodging, meals and incidental expenses. An approved Travel Expense Reimbursement form must be completed prior to payment

This is the remainder of the vacation benefits---for instance, the trips to Maui for which the minister was paid honorarium for a 10-minute speech, made these trips "ministry related", and the airfare was covered by the church. Same with 6010 below.

6010 Professional Seminars/Training: Expenses related to paid staff attendance at outside seminars or training classes including tuition and travel costs.

6020 Local Meals/Food: Meal/food expenses related to administrative staff or ministry meeting submitted via check request form rather than a BPE reimbursement request.

6100 Rent - Office Facilities: Rent for region, super region or main church office facilities

6110 Rent - Region/Sector Meetings: Rent for meeting facilities within the sector. This includes Sunday morning, midweek, and other meetings, such as First Principles classes, sector devotionals, etc.

6130 Rent - Congregational Meetings: Reimbursement of the funds paid by the Church office for congregational Sunday worship services, devotionals, workshops, or other church wide meetings.

6200 Benevolence - Local Assistance: Funds given to those who meet the requirement of being "in need". A properly approved Benevolence Request Form must be completed.

What is the "requirement" of being 'in need'? There are many reports of needy church members being turned away, and we are seeking to document as many cases of this as possible.

6205 Benevolence - Scholarships: Funds given to members or others pursuant to a church sponsored scholarship program. Eligibility and terms of the program must be approved by the LAICC board of directors prior to payment.

6210 Benevolence - HOPE Worldwide: Monthly contribution to HOPE Worldwide based on pre-determined budgeted amounts. Also used for other direct support payments to HOPE for local projects, disaster relief, etc.

Notice that there is no associated "revenue" heading for this monthly "benevolence" to HOPE.

- 6300 Professional Fees: Costs of legal, accounting and other professional services within the exempt purpose of the Church.
- 6305 Rent - Equipment: Cost of renting equipment, other than equipment under capital lease.
- 6310 Postage/Shipping: Postage and freight expenses incurred, including stamps, Federal Express, UPS, etc.
- 6315 Printing/Copying: Costs of printing, duplicating, and typesetting printed materials for use in the exempt purpose of the Church.
- 6320 Utilities: Costs of gas, electricity, and water paid for facilities within the exempt purpose of the Church.
- 6325 Telephone: Costs of telephone equipment rental, service, and usage charges.
 - 6330 Maintenance & Repairs: Costs to repair or maintain any asset of the Church. Items that significantly add to the value or remaining useful life of the asset should be capitalized.
- 6335 Insurance - Prop/Cas/Liab/D&O: Costs to obtain property, casualty, general liability and directors & officers coverage. Also includes the cost for Certificates of Insurance for church sponsored events.
- 6340 Employee Relo. - Qualifying: Eligible costs of "qualifying" employee moves not required to be reported as taxable income to the recipient. See IRS publications and U.S. Church Guidelines for Administrative Policy to determine appropriate classification of items. A Moving Expense Worksheet must be completed and submitted with the request for reimbursement.
- 6350 Supplies: Items such as communion expenses (trays, juice, bread, cups) and office supplies for administrative staff.
- 6355 Subscriptions: Cost of subscriptions to and costs incurred to order any publications used within the exempt purpose of the Church.
- 6360 Interest Expense: Interest incurred on capital leases, financing agreements, etc.
- 6365 Bank Charges: Bank charges such as service fees, insufficient fund (NSF) fees, and uncollected fund (UCF) fees, etc. NSF fees later repaid should be credited to this account.
- 6370 Property and Other Taxes: Business taxes levied on the church due to the non-exempt

15.01.01 Weekly Contributions

Each member's weekly contribution is generally based on the Biblical teaching of giving sacrificially, with a suggested minimum of 10% of a member's financial means. While not a condition for membership, *(it might as well have been a condition for membership as we were constantly told that we were unspiritual and as good as dead for not giving "sacrificially". Further, our giving was covered in the "counting the cost" study before we were allowed to be baptized.)* this teaching results in regular and consistent giving from the vast majority of the members. As a result, the leadership's ability to monitor and track actual weekly contribution giving versus the budgeted or pledged amount within a sector and region of the Church is in itself a significant element of the overall control environment. Timely review and follow up of unusual trends in variances to the budget or in per member giving may reveal potential improprieties.

15.02.03 Classification of Special Contributions

The special missions contributions that take place one or more times annually also gives rise to the issue of restricted contributions. Generally, a pre-determined portion of the funds collected are designated by the Church board of directors for distribution to the respective World Sector Corporation for further distribution to other ICOC local congregations or corporations as part of the ICOC World Financial Plan. Amounts collected in excess of this pre-determined amount are available for the general activities of the Church. Because the amounts are generally collected and disbursed within the same calendar year, SFAS No. 116 does allow the

amounts to be reported as unrestricted support as long as the Church reports consistently from period to period and discloses its accounting policy. However, amounts collected as part of a special missions contribution should generally be reported separately from the regular weekly contributions.

It is interesting that they note here that these funds may be “unrestricted”, yet in the very next section (below), they use SMC as an example of an implicitly restricted collection!

15.02.04 Other Restricted Contributions

From time to time, members of the Church or others may express an interest in making a donation for a specific program or purpose. Also, the Church leadership may desire to solicit contributions from the membership for a specific purpose or program. SFAS No. 116 requires that contributions be treated as “restricted” when an explicit (written or oral) donor-imposed restriction exists or when the circumstances surrounding the receipt of the contribution result in an “implicit” restriction.

Examples of explicit restrictions include members or others including written correspondence or oral instructions along with their donation indicating that the gift is to be used for benevolent needs within the Church or for the acquisition of land, buildings or equipment. Examples of implicit restrictions would be donations made during or as part of the solicitation for the annual special missions contribution or the weekly collection for benevolence.

OK, here it is in their own language that Contribution for the Poor and SMC are IMPLICITLY “restricted”. Yet they have no restricted fund for CFTP. Nor do they restrict the USE of these funds to “the poor” as advertised, or the use of SMC funds to “missions” as advertised.

SFAS No. 116 requires that contributions received with temporary or permanent restrictions be reported separately from unrestricted contributions. SFAS No. 117 provides detailed guidance on the form and content of the financial statements including the reporting of the revenues, expenses, asset and net assets by the unrestricted, temporarily restricted and permanently restricted categories. The chief financial officer or other responsible administrator is responsible for maintaining an accounting system that complies with these provisions and any applicable laws that require a separate accounting of funds from restricted contributions.

But again, there was NO “separate accounting” of CFTP revenues in many ICOC churches!

15.03.01.01 Collections

Weekly contributions should be taken up at such time and manner to ensure regular giving by each member and the exercise of proper accounting controls. The collection of the regular contribution at the midweek service in Family Groups or Discipleship Group sessions is an effective method for achieving these objectives. The following procedures are designed around this approach. Where local collection practices differ, these procedures may be modified as long as the above objectives are achieved.

1. The Discipleship or Family Group Leader should be provided with a pre-printed form which lists all the members in his group and indicates the current pledge amount (see sample form at 15.04.01).
2. The individual contributions are given to the Discipleship or Family Group Leader.
3. Cash contributions should be in an individually sealed envelope indicating the member’s name and amount.
4. New members who are not listed on the pre-printed form should be written in.
5. After accounting for every member in the group, the group leader should place the individual contributions in an envelope, along with the pre-printed form, and seal it.

The sealed envelope should be collected by a member of the count team.

This goes to coercion---the public or semi-public harassment of members to give their quota.

15.03.01.06 Late Contributions

Contributions not received on the day/night of the weekly contribution are considered late. It is the responsibility of the assigned leader to collect these contributions no later than the Sunday following the weekly contribution. (Note: Special attention should be given to keep the late contributions to a minimum.)

After the assigned leader has collected all the late contributions for the group, the late contributions should be given to the Sector Administrator. Because of the potential for irregularities, late cash contributions should not be accepted until the following mid-week when the regular counting procedures can be followed. The Sector Administrator should arrange for the count team to count and deposit all late contribution checks after the next regular church service.

This goes to coercion---the public or semi-public harassment of members to give their quota.

17.01.01 Inurement of Benefit

Inurement of benefit is the use of the Church's assets for personal benefit by those deemed to be in control of the organization (i.e., founders, directors, officers, leaders, major donors, and the immediate family members of these individuals). The only exception to this rule is reasonable compensation (salary, housing allowance, and allowable employee benefits) for services performed. Expenditures of any amount deemed to be inurement may result in revocation of the church's tax-exempt status.

Here we go! What is "reasonable" compensation for the "services performed" by ICOC ministry staff? Is it "reasonable" to pay an evangelist over \$100,000 for leading two church meetings, a staff meeting, and a Bible Talk Leader's meeting each week? Keep in mind that any "D-times" or Bible Talks attended by the preacher were the same "services performed" by NON-paid members. And if someone does think this is reasonable, it begs the question as to why the same pay was NOT considered reasonable for the average ministry intern, who also attended all the same meetings as the evangelist.

This evidence is inurement is so blatant that it defies explanation in a legal sense. Of course, to the members, it was not a "legal" issue, but a "spiritual one". That being said, however, we were too busy striving to get our own visitors to church to have any idea whether they evangelist was actually working for his pay or not. And, of course, we were never told how high his pay was so that we'd have any reason to examine whether it was reasonable compensation or not.

17.01.02 Distributions not for exempt purposes

Distributions not for exempt purposes are similar to inurement of benefit except that this rule applies to payments made to, or for the benefit of, employees (and their immediate family members) or other related parties not deemed to be in control of the church. The expenditures must be substantial in order to cause the revocation of the church's tax-exempt status.

There are many reports of nepotism in the ICOC. HOPE Youth Corps participants were often the children of church leaders. HOPE adoptions often went to church leaders. The children of church leaders were often employed as "interns". We are seeking documentation of any such events.

17.01.03 Examples of Improper Expenditures

These two types of expenditures are not always obvious. Examples of expenditures that will clearly be deemed to be a violation are:

? excessive (unreasonable) compensation (see Section 06.01); ?

interest-free or low-interest loans to related parties;*

? payments for personal gifts (e.g., weddings, showers, holidays, birthdays) made to or on behalf of related parties;

? payments for any personal, living or family expenses such as club memberships (*I have heard an unconfirmed report that one World Sector Leader had a yacht club allowance of \$60K annually.*), clothing, grooming, home furnishings, child care expenses, vacations or recreational activities.

* Some state statutes strictly prohibit loans to related parties of tax-exempt organizations even if fair market interest rates are charged. Legal counsel should be consulted prior to making loans of any amount to officers, directors, employees or other related parties.

Why should counsel be obtained when a previous section already PROHIBITED giving loans to any church member? Which is the REAL policy?

POLICY

The teachings and example of Jesus Christ demonstrate a sweeping care and concern for the poor and needy. Moreover, the Bible directs the Lord's church to meet the needs of its members and, wherever possible, the needs of society in general. (Acts 2:45), (Galatians 2:10) As such, the Church expressly adopts a broad biblical policy of benevolence. This policy extends to both members and non-members alike.

OK, please show us how you have distributed funds to both. (Non-members were hardly EVER given a dime to my knowledge.)

The Church's biblical belief and practice of benevolence exceeds the common definition of giving to the indigent only and includes a proactive policy to aid those who are in financial or material need. Often this policy will enable the recipient to avoid becoming indigent or destitute simply by helping them to meet current financial needs or exigent difficulties. Nevertheless, the Church recognizes it is prudent to promulgate written guidelines to ensure that this policy of broad benevolence is fairly and responsibly implemented.

18.01.01 Benevolence Defined

Benevolence shall be broadly construed to include, but not be limited to, financial or material assistance for the provision of food, clothing, shelter, transportation, exigent medical care, long term medical care, education, vocational, technical or job training, and other similar exigent or emergency needs.

PROCEDURES

18.01.02 Benevolence Request Procedures

All requests for benevolence shall be in writing on Form 18.01.04 which denotes the name, address, social security number, reason for request, steps taken to obtain non-church assistance, signature of the person requesting benevolence, and approval signature by the appropriate administrative and ministry personnel.

Great. Let's see all these forms and take a look at how benevolence was actually practiced!

All requests for benevolence or assistance in legal or other professional matters shall be submitted to the appropriate administrator who shall complete the Benevolence Request Data sheet, Section 18.01.04.05 , describing the purpose and church involvement for such a request. The official response to the request shall be communicated in writing on Section 18.01.04.06 .

No requests for benevolence shall be paid without adequate documentation, including the written request for benevolence, invoices or receipts, or statements from third parties providing the benevolent care.

No requests for benevolence shall be paid if funds are available from family members or other third party resources.

Is there some Bible passage to which you refer as a guide for this practice? Was Jesus known for referring the needy to their families or to "third parties" before he helped them? How many benevolence requests did you deny?

No benevolence shall be paid to any officer, director, employee or one of their immediate family members.

18.01.03 Authorization and Approval Procedures

No benevolence request shall be paid without a review of the requesting party's financial affairs by the appropriate administrative personnel required to approve of the request. The primary purpose of this review is to verify need for the request.

Insofar as it is possible, all benevolent requests shall be paid directly to a third party on behalf of the person requesting the benevolence.

Any requests for benevolence by a household in an amount up to and including \$500 shall require the approval signature of the appropriate Region Administrator and Sector leader (or Church Administrator and Church Leader in smaller churches) prior to disbursement.

All requests for benevolence by a household that exceed \$500 and up to and including \$1000 in an aggregate amount during a twelve month period of time shall require the approval signature of the appropriate Super Region Administrator and Region Leader (or Church Administrator and Church Leader in smaller churches) prior to disbursement.

All requests for benevolence by a household that exceed \$1000 in an aggregate amount during a twelve month period of time shall require the approval signature of the Chief Financial Officer of the Church and the appropriate Super Region Leader (or Church Administrator and Church Leader in smaller churches) prior to disbursement.

All requests for benevolence by a household that exceeds \$2500 in an aggregate amount during a twelve month period of time shall require local church Board approval prior to disbursement.

23.02.03 Access to Records

Highly sensitive and confidential records shall be accessible only to the administrative manager of the respective department, to personnel working directly under the administrative manager with a bona fide need to access such records in the course of their employment, and to other management level personnel with a bona fide need to access such records in the course of their employment. In some cases, the Lead Administrator may determine that only the office of the general counsel and the administrative manager, or their specifically designated agent(s) shall have access to sensitive and/or confidential records.

No records of the church, irrespective of the department to which they relate, may be made accessible to non-employees, unless in the course of a bona fide inquiry, audit, or investigation for a specific business or legal purpose. All records contemplated for disclosure to non-employees shall be cleared for access by the Lead Administrator and/or legal counsel before they may be disclosed. Generally accepted business practices, standards and customs shall be employed, and relevant protective laws and regulations shall be invoked, in any determination regarding the availability of the church's records to non-employees. Circumstances in which this section may be applicable include, without limitation: internal legal, financial, and accounting audits, and inquiries, audits or investigations initiated by state or federal agencies such as a state attorney general or the IRS. A Government Inspection of Records policy relating to inquiries, audits and investigations by state and federal agencies is set forth below at section 23.07.

This pretty much spells it out that the non-employee members were not allowed to see the books! Yet we have a multitude of statements to the contrary, from McKean himself and even in this very document!

23.08.01 Inspection Rights

In **some states**, members of a nonprofit corporation may be entitled to inspect its articles and bylaws at the corporation's principal office during normal business hours, and if no corporate office is located in the state, on written request. Members may also be entitled to inspect the **accounting books and records and minutes or proceedings of the members, the board, and committees of the board, on written demand, at any reasonable time, for a purpose reasonably related to the member's interest as a member, unless the articles and bylaws of a religious corporation provide otherwise.** Some states offer nonprofit corporations the opportunity to limit such rights of inspection to members, or to present reasonable alternative. Each church must check with local counsel and their own state guidelines regarding members' inspection rights to determine if they must make certain records available for inspection by members, or whether such rights may be limited or alternatives offered.

23.08.02 Recommended Procedures for Inspection of Records

1. **Each member that desires to inspect any records of the church shall submit a written request on Form 23.08.03** no less than 48 hours in advance of the requested date of inspection. Records that are considered confidential may not be inspected unless approved by local legal counsel.
2. The Corporate Secretary or the appropriate designate shall review the request to determine if it is reasonably related to the members' interest as a member and shall make the records available for inspection at a reasonable time during normal working hours of the church office or administrators.
3. **No records shall be removed from the church office or designated work place.** A member may request a copy of any records available for inspection and those records shall be copied within 72 hours of the request unless it would be unduly burdensome to the normal working practices of the church office to do so. In that case, every effort shall be made to provide a copy within a reasonable time after the request.

25.03.03 Announcement to Congregation

A Special Contribution shall be initiated by an announcement to the general membership that a need exists within the Church and/or among the entities that are associated with the International Churches of Christ. **Such an announcement must be carefully constructed to properly represent the use to which the funds contributed will be put.** To encourage uniformity and compliance with laws that govern representations regarding the contemplated use of funds solicited, such an announcement must be reviewed and approved by the board of directors and announced in exactly the same way to all members of the Church. **If the announcements *I* heard were "carefully constructed to properly represent the use...", then fraud was certainly committed. I never once heard the specific uses for which any SMC collection was to be devoted. And what WAS said about Contribution for the Poor was quite specific that it was NOT for salaries and administrative overhead, but that it was actually for the poor.**